

A full-page background image showing a bright sun rising over a calm ocean. The sun is positioned in the upper left, casting a shimmering path of light across the water's surface. The sky is filled with soft, golden clouds. In the foreground, dark, jagged rocks are scattered along the shoreline, with gentle waves lapping at their edges. The overall mood is serene and hopeful.

SUN RISING

SUN LIFE PROSPERITY FUNDS ANNUAL REPORT



SUN RISING CONTENTS

- 4** Letter to Shareholders
- 5** 2010 General Financial Market Review
- 6** Management Review and Outlook
 - Bond Fund
 - Balanced Fund
 - Philippine Equity Fund
 - Money Market Fund
 - GS Fund
 - Dollar Advantage Fund
 - Dollar Abundance Fund
- 20** Statement of Management's Responsibility
- 21** Report of Independent Auditors
- 22** Financial Statement
 - Statements of Financial Position
 - Statements of Comprehensive Income
 - Statements of Changes in Equity
 - Statements of Cash Flows
- 32** Notes to Financial Statements
- 72** Curriculum Vitae of Directors and Executives



The Sun Life Prosperity Funds have complied with leading practices on corporate governance as required by the Securities and Exchange Commission.

LETTER TO SHAREHOLDERS

To my Fellow Shareholders:

The Philippines ended 2010 on a very high note. A new government was elected with a solid political mandate and this prompted high hopes for more stability and growth. The Bangko Sentral kept its benchmark overnight borrowing rate unchanged at 4% as inflation remained benign in 2010. This in turn encouraged banks to open their coffers and boost consumer lending. And, record high remittances with a year-on-year increase of about 8%, and a stream of capital inflow definitely kept the economy growing at a robust pace.

During the year, the Philippines' sovereign credit rating was raised to BB from BB-, the first upgrade since 1997. Cited reasons for the upgrade were the country's improved external liquidity profile and strong external accounts position. Gains achieved in debt reduction and fiscal consolidation also contributed to the rating upgrade.

Overall, Philippine asset prices displayed surprising resiliency for the most part of the year despite persistent fears over the European debt crisis.

We are happy to inform you that alongside these vigorous developments, the Sun Life Prosperity Funds showed encouraging results.

As of yearend 2010, the GS Fund reigned in terms of growth in return on investment (ROI) that stood at 10.92% from the previous year's 7.61%. The GS Fund ranked 2nd place industry-wide in the 3-year return category.

The Balanced Fund continued to surge with a full-year ROI of 30.72% from the previous year's 21.70%. Net asset value per share was pegged at P2.63 from last year's P2.01. It also ranked 2nd place industry-wide in the 10-return category.

The Bond Fund, on the other hand, posted an ROI of 7.86% from the previous year's 5.70%. Net Asset Value per share was up to P 2.21 from the previous year's P2.05. Philippine Equity Fund posted an ROI of 41.24%. Net asset value per share rose by a 45%, from the previous year's P1.84 to P2.61 as of yearend 2010.

The Dollar Funds likewise performed extremely well during the year, making significant leaps in terms of managed assets.

The Abundance Fund stood tall with its 105% increase in total assets under management (AUM), from the previous year's US\$5.5 Million to US\$11.4 Million at yearend 2010. ROI was at 7.4%, while net asset value per share was at US\$2.53. The Dollar Advantage Fund posted a 10% increase in AUM standing at US\$20.7 Million as of yearend. Net asset value per share was at US\$2.68 versus last year's US\$2.56.

To add, our total assets under management in 2010 stood at Ps. 19.368 Billion from Ps. 15.085 Billion in 2009, translating to a significant growth of 28%.

These inspiring results have given us the courage, the enthusiasm and determination to face the challenges of the future head on. We know it will not be a smooth ride as external conditions continue to change. But with our strong resolve to achieve our mission to always provide you with the best investment options, and with your unwavering support and patronage, we are confident that we shall surpass these challenges and remain relevant.

Thank you for your trust and confidence in us all these years.

As we march on, we assure you of our undiminished commitment to help make life even brighter under the sun for all our valued shareholders - a promise that we shall continue to uphold in the years to come.

Sincerely,



VALERIE N. PAMA
Chief Operating Officer
Sun Life Asset Management Company, Inc.

2010 GENERAL FINANCIAL MARKET REVIEW

Heightened risk aversion in the wake of a series of downgrades in European sovereign credits and concerns over rising domestic inflation and growing fiscal slippage spurred intermittent spikes in peso interest rates. Local markets were on constant alert for a possible withdrawal of fiscal stimulus measures and potential policy rate hikes after headline inflation soared to an 8-month high of 4.4% in December 2010. In passing, China initiated the Asian region's exit phase initially with a 50 bps policy rate hike and was followed with five other increases.

Subsequently, the Philippines implemented liquidity draining measures albeit in a less aggressive fashion due to weak recovery prospects, if only to deal with escalating liquidity and inflation risks set off by brisk election spending. Policymakers increased its rediscounting rate by 50 bps to match the 4 percent overnight policy rate. Monetary policy rates did not change in 2010 as inflation expectations remained well anchored despite escalating cost-push pressures from rising commodity prices.

Philippine dollar bond prices displayed surprising resiliency for the most part of the year despite persistent contagion fears over the European debt crisis. The Eurozone fiscal crisis worsen when Standard and Poor's (S&P) downgraded Greek sovereign debt by 3 notches to junk status in April. Portugal also suffered a 2-notch rating cut while Spain incurred a single notch downgrade approximately during the same period. Market mood were cautiously guarded, even as some investors exploited. Momentary tightening of credit spreads lit up holdings.

In November, S&P raised the Philippines' sovereign credit rating by a notch to BB from BB-, the first upgrade since 1997. The upgrade was underpinned by the country's improved external liquidity profile and strong external accounts position as well as gains achieved in debt reduction and fiscal consolidation. The country's new debt rating is the second-highest non-investment grade, at par with Indonesia and Vietnam.

The successful Retail Treasury Bonds (RTB) issue, which raked in P97bn for government coffers, as well as the USD1.0bn Global Peso Bonds diminished supply overhang for peso debt issues. Notably, Special Deposit Accounts (SDA) ballooned to P942.7bn in mid-September on the back of speculations that the Monetary Board would maintain its overnight borrowing rate at 4% for the rest of the year.

While the festering debt crisis in Europe and growing concerns over recovery prospects of the US economy continued to dominate global markets outlook, Philippine ROPs displayed remarkable resiliency. Bond prices particularly on the long-end outperformed as thin liquidity inevitably pushed up prices. Also, lackluster US economic recovery prospects boosted speculations that a US Fed policy rate hike appears unlikely in the near- to medium-term. Bond prices got a boost from the positive external payments position combined with firm local buying support. The immense local dollar liquidity and the absence of any new ROP dollar bond issues together pushed bond prices to new highs.

In September, Philippine dollar bonds succumbed to profit taking after a stirring rally in the first 8 months of the year. Knee-jerk reaction to news on Moody's downgrading of Spain's credit rating by a notch from Aaa to Aa1 gave an excuse to book profits. Selling pressure was distinctly felt on the long end of the curve as bond valuations have become richer. Bond prices regained some lost ground towards month-end as investors rummaged for laggard issues and carried out rotational trading.

Against this backdrop, the Philippine equity market managed to post a fitting follow-up to its spectacular performance in 2009. The benchmark Philippine Equity Index (PSEI) closed 2010 up 37.6%, to 4,201.14 points. While power generation, leisure, property and banking issues made up most of the index's 2010 gains, as a whole equity trading in 2010 was broader based, with foreign investors coming into the market in a significant way in 2010. As in 2009, ample liquidity in the system provided a firm base for the market for most of the year.

Sun Life of Canada Prosperity Bond Fund, Inc

The Fund registered 18% growth in net assets from P2.8 Billion in 2009 to P3.3 Billion in 2010. P1 Billion came from issuance of redeemable shares, P223 Million from net investment income inclusive of unrealized appreciation of fixed income holdings. Redemptions including redemptions of investments tagged as DFFS amounted to P750 Million were recorded during the period.

Gross investment income in 2010 was P249 Million as the Fund had cashed in on gains from trading of fixed income investments resulting in an increase in gross investment income from the P242 Million posted in the same period last year. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes amounting to P73 Million, total comprehensive income for 2010 increased by P81 Million from the P142 Million income posted in 2009.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

There are no significant elements of income nor loss that did not arise from the Fund's continuing operations.

Sun Life of Canada Prosperity Balanced Fund, Inc

The Fund registered 12% growth in net assets from P7.6 Billion in 2009 to P8.5 Billion in 2010. P1.7 Billion came from issuance of redeemable shares, P2.1 Billion from net investment income inclusive of unrealized appreciation of equity and fixed income holdings. Redemptions including redemptions of investments tagged as DFFS amounted to P 3 Billion were recorded during the period.

Gross investment income in 2010 was P1.099 Billion as the Fund had cashed in on gains from the stock market resulting in an increase in gross investment income from the P381 Million posted in the same period last year. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes and investment in listed equities amounting to P1.3 Billion, total comprehensive income for 2010 increased by P700 Million from the P1.4 Billion income posted in 2009.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events,

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There are no significant elements of income nor loss that did not arise from the Fund's continuing operations.

Sun Life of Canada Prosperity Philippine Equity Fund, Inc

The Fund increased its AUM by 60%, from P3.05 Billion in 2009 to P4.87 Billion in 2010. The increase was significantly attributed to the P3.52 Billion issuance of redeemable shares including those shares tagged as DFFS and a P1.3 Billion total profit for the year, inclusive of unrealized appreciation of equity and fixed income holdings. Redemptions amounting to P2.96 Billion were recorded during the period.

Gross investment income increased by P547 Million from P84 Million income in 2009 to P631 Million income in 2010 mainly due to the increase in gain from trading of listed stocks. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes and investment in listed equities amounting to P718 Million, total profit for 2010 increased by P404 Million from P849 Million profit posted in 2009.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

There are no significant elements of income nor loss that did not arise from the Fund's continuing operations.

Sun Life Prosperity Money Market Fund, Inc

The Fund registered 28% growth in net assets from P295 Million in 2009 to P379 Million in 2010. P1.2 Billion came from issuance of redeemable shares including those shares tagged as deposit for future subscriptions, P2.8 Million from net investment income. Redemptions including DFFS redemptions amounting to P 1.1 Billion were recorded during the period.

Net investment income in 2010 was P2.8 Million, 56% lower than the previous year's P6.4 Million. A decrease in interest income contributed mainly to the decrease in net investment income for the period.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

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Sun Life Prosperity GS Fund, Inc

Net assets of the Fund stood at Ps896 Million by the end of 2010, Ps697 Million higher than Ps199 Million reported as at the end of 2009. Ps980 Million came from issuances of redeemable shares including those shares tagged as DFFS, while another Ps39 Million came from net investment income for the period including unrealized appreciation on Treasury Notes held. Redemptions totaling Ps322 Million were recorded during the year.

Gross investment income was 165% higher in 2010 due to the higher volume of investible funds brought about by the higher AUM, better interest rates and market prices of Treasury Notes compared to investments maintained by the Fund in 2009. Total operating expenses on the other hand increased by Ps4.7 Million mainly due to higher management fees paid as a result of an increase in Net Asset Under Management. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes amounting to Ps31 Million, total comprehensive income for 2010 was Ps32 Million higher compared to total comprehensive income in 2009.

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Sun Life Prosperity Dollar Advantage Fund, Inc

The Fund's net assets registered 10% increase from USD19 Million in 2009 to USD21 Million in 2010 mainly due to issuance of redeemable shares including those shares tagged as DFFS, if any, amounting

to USD3.8 Million, coupled with USD851 Thousand total profit for the year. Shareholders redeemed a total of USD2.7 Million during the same period.

Gross Investment Income increased by USD425 Thousand mainly due to interest income earned from fixed income investments held by the Fund. With the decrease in unrealized gain on marked to market valuation of Dollar Bonds and Investment in global equities total profit of the Fund decreased by USD728 Thousand from USD1.579 Million total profit posted on same period last year.

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Sun Life Prosperity Dollar Abundance Fund, Inc

The Fund registered 104% growth in net assets from USD 5.6 Million in 2009 to USD 11.4 Million in 2010. USD 7 Million came from issuance of redeemable shares, USD 328 Thousand from net investment income inclusive of unrealized appreciation of fixed income holdings. Redemptions including redemptions of investments tagged as DFFS amounted to USD 1.4 Million were recorded during the period.

Gross investment income in 2010 was USD 328 Thousand, USD 111 Thousand higher than previous year's USD 217 Thousand. Increase in gross investment income for the current year was reduced by USD 79 Thousand increase in operating expenses, USD 115 Thousand decrease in unrealized market gains on fixed income investments and USD 38 Thousand increase in income tax expenses resulted to a drop in total net investment income of USD 120 Thousand from USD 448 Thousand net investment income of same period last year.

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Sun Life of Canada Prosperity Bond Fund, Inc.

INVESTMENT APPROACH

Investment mandate focuses on investing in high yield, investment grade assets with an overall risk profile of less than average. Private lending is restricted to prime corporate issues and collateral is required as practicable. Optimum levels of cash are maintained to support investment and client liquidity requirements.

FINANCIAL RESULTS

The Fund registered 18% growth in net assets from P2.8 Billion in 2009 to P3.3 Billion in 2010. P1 Billion came from issuance of redeemable shares, P223 Million from net investment income inclusive of unrealized appreciation of fixed income holdings. Redemptions including redemptions of investments tagged as DFFS amounted to P750 Million were recorded during the period.

Gross investment income in 2010 was P249 Million as the Fund had cashed in on gains from trading of fixed income investments resulting in an increase in gross investment income from the P242 Million posted in the same period last year. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes amounting to P73 Million, total comprehensive income for 2010 increased by P81 Million from the P142 Million income posted in 2009.

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LONG TERM PERFORMANCE OVERVIEW

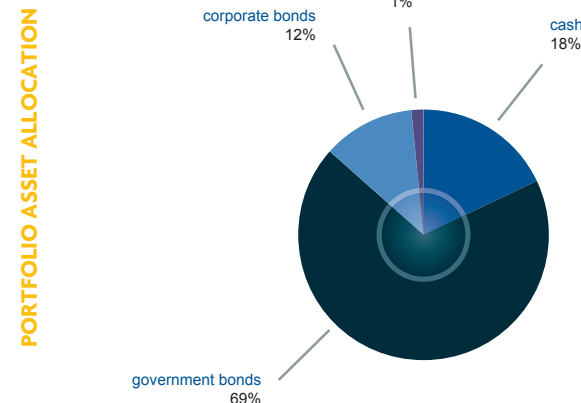
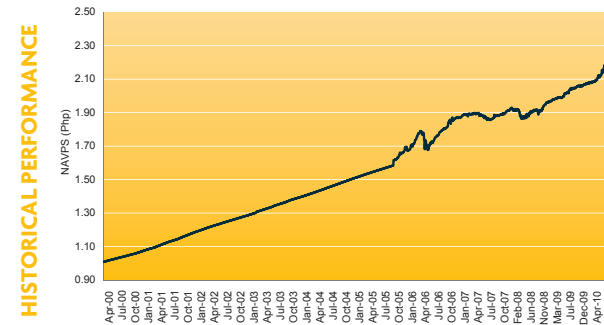
Mounting inflationary pressures from the sharp spike in prices of food commodities, fuel, highway toll fees as well as the looming transport fare hike have spooked investors who snubbed the recent S&P upgrade of the country's outlook from "stable" to "positive". Amid the looming shift to monetary tightening that is now expected to happen sooner than earlier thought, fixed income markets are unlikely to replicate its impressive performance in the last two years. A hike in the banks' reserve requirements from 19-21%, could herald the shift to monetary tightening, perhaps as early as the 2nd quarter.

2010 PERFORMANCE REVIEW

Peso interest rates softened as excess liquidity swallowed up the dwindling supply of government securities in both primary and secondary markets despite the lack of compelling themes. Robust appetite for risk-free investments saw bond yields in longer tenors drop to new record lows. The coupon on the 25-year FXTN fell to 8% in the September auction as total tenders reached P22.3bn with only P8.5bn awarded.

Portfolio duration was increased and cash levels were trimmed down to maximize returns. Bond prices particularly on the long-end outperformed as thin liquidity inevitably pushed up prices. No loans were booked during the year as the portfolio asset mix was biased towards more government debt holdings due to bullish bond price trends.

Return on Investment (ROI) for the year was 7.86% y-o-y. NAVPS closed at P2.2183 from P2.0567.



Sun Life of Canada Prosperity Balanced Fund, Inc.

INVESTMENT APPROACH

The Balanced Fund's more modest gains compared to the full equity-weighted funds are consistent with its aim of having a less risky and aggressive nature. Coming into 2010, the Fund was only 64% invested in equities, with the rest invested in fixed income securities, cash and short-term placements. Given the improving equity market conditions as the year progressed, the Fund's equity allocation was adjusted accordingly. By year's end, cash and marketable securities comprised 24% of the fund's assets, with its equity position at a higher 76% of total assets.

FINANCIAL RESULTS

The Fund registered 12% growth in net assets from P7.6 Billion in 2009 to P8.5 Billion in 2010. P1.7 Billion came from issuance of redeemable shares, P2.1 Billion from net investment income inclusive of unrealized appreciation of equity and fixed income holdings. Redemptions including redemptions of investments tagged as DFFS amounted to P 3 Billion were recorded during the period.

Gross investment income in 2010 was P1.099 Billion as the Fund had cashed in on gains from the stock market resulting in an increase in gross investment income from the P381 Million posted in the same period last year. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes and investment in listed equities amounting to P1.3 Billion, total comprehensive income for 2010 increased by P700 Million from the P1.4 Billion income posted in 2009.

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LONG TERM PERFORMANCE OVERVIEW

For the average investor, 2010 was unquestionably a very good year. 2010 was entered with modest expectations; it ended with the market up with a 38% gain. To put it another perspective, investment made in end-2008 would have netted a generous 124% return by year's end, using the PSEI index as a guide.

Will 2011 yield more gains to the average investor? Yes, but with a few points that are worth considering. For one, gains in 2011 will likely not be as outsized as the past two years, given relatively lofty valuations, the lack of enough positive catalysts and a few familiar roadblocks up ahead. The PSEI ended the year at a Price-to-Earnings (PE) of 14x, which provides less of an upside to the market's longer-term average of 15x-16x earnings. With no major market moving news so far, the market is expected to mirror the average 2011 earnings growth of about 10% now appearing in most forecasts. This will put the market's upside at the 4,500 - 4,600 level.

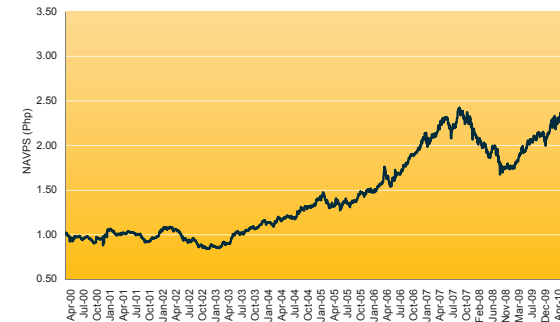
While the passing of the elections is viewed as one of the main catalysts last year, the real hard work begins in 2011. Positive market moving news on the political and economic front is crucial, as the investment environment still remains fragile as it was in 2010. Inflationary angst, fear of a global slowdown and the continuing Euro debt saga still lurking, temper investors' otherwise bullish sentiments. Likewise, the long-expected shift of monetary authorities to a tightening mode in 2011 will likely temper any further gains from falling interest rate yields. Inflationary pressures creeping in (in the form of fuel and transport price hikes) may force the Bangko Sentral ng Pilipinas (BSP) to consider monetary tightening, either through a hike in bank reserves or an outright hike in benchmark rates, sooner rather than later.

2010 PERFORMANCE REVIEW

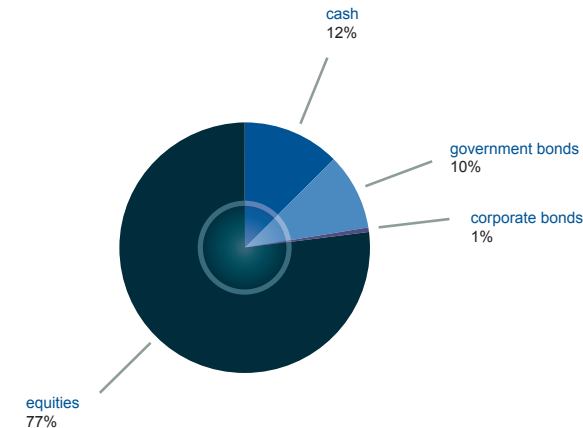
The Philippine equity market beat most expectations in 2010, and ended the year up 37.6%. After a tentative start, the market started to gain momentum after the sharp recovery in 1Q10 corporate results and the peaceful transfer of power in the 2010 elections, posting all-time highs in the passing months. Top index performers were those related to power generation, leisure and banking industries – indications that the Philippines was being viewed as a long-term prospect by both foreign and local investors. Relative political stability, benign inflation expectations, strong corporate earnings and economic performance, surging overseas remittances and a one-notch ratings upgrade all provided a bullish atmosphere in 2010. Likewise, as in 2009, ample liquidity in the system provided a firm base for the market for most of the year, with volumes returning to the USD100m average per day mark and with foreign investors weighing in more heavily in the market.

Peso interest rates softened further as excess liquidity swallowed up the dwindling supply of government securities despite the lack of compelling themes. Robust appetite for risk-free investments saw bond yields in longer tenors drop to new record lows. This proved positive to the Fund's fixed income holdings, despite the relatively short duration of the portfolio. The Fund remained more weighted into equities coming into the end of 2010 and posted a 30.7% increase in its NAVPS, to P2.6305/share.

HISTORICAL PERFORMANCE



PORTFOLIO ASSET ALLOCATION



Sun Life of Canada Prosperity Philippine Equity Fund, Inc.

INVESTMENT APPROACH

Coming into 2010, the Fund was relatively under invested in equities at 82%, given the initial outlook of relatively modest expectations for the equity markets, and the uncertainty on the coming first ever automated elections in the Philippines. The Fund's equity weight was gradually increased as it became apparent that the year was shaping up to be another historic run for the Philippine equities market. The Fund's equity weight peaked by as much as 90%. By year's end, the Fund's equity exposure was approximately 87%.

FINANCIAL RESULTS

The Fund increased its AUM by 60%, from P3.05 Billion in 2009 to P4.87 Billion in 2010. The increase was significantly attributed to the P3.52 Billion issuance of redeemable shares including those shares tagged as DFFS and a P1.3 Billion total profit for the year, inclusive of unrealized appreciation of equity and fixed income holdings. Redemptions amounting to P2.96 Billion were recorded during the period.

Gross investment income increased by P547 Million from P84 Million income in 2009 to P631 Million income in 2010 mainly due to the increase in gain from trading of listed stocks. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes and investment in listed equities amounting to P718 Million, total profit for 2010 increased by P404 Million from P849 Million profit posted in 2009.

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LONG TERM PERFORMANCE OVERVIEW

For the average investor, 2010 was unquestionably a very good year. 2010 was entered with modest expectations; it ended with the market up with a 38% gain. To put it another perspective, investment made in end-2008 would have netted a generous 124% return by year's end, using the PSEi index as a guide.

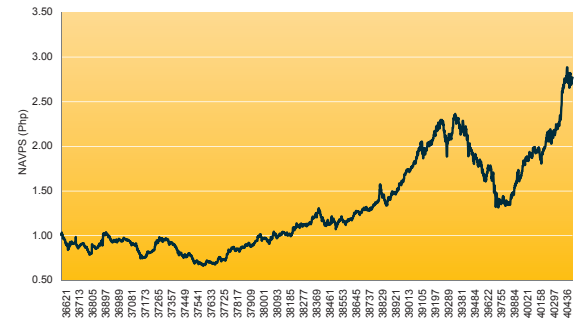
Will 2011 yield more gains to the average investor? Yes, but with a few points that are worth considering. For one, gains in 2011 will likely not be as outsized as the past two years, given relatively lofty valuations, the lack of enough positive catalysts and a few familiar roadblocks up ahead. The PSEi ended the year at a Price-to-Earnings (PE) of 14x, which provides less of an upside to the market's longer-term average of 15x-16x earnings. With no major market moving news so far, the market is expected to mirror the average 2011 earnings growth of about 10% now appearing in most forecasts. This will put the market's upside at the 4,500 - 4,600 level.

While the passing of the elections is viewed as one of the main catalysts last year, the real hard work begins in 2011. Positive market moving news on the political and economic front is crucial, as the investment environment still remains fragile as it was in 2010. Inflationary angst, fear of a global slowdown and the continuing Euro debt saga still lurking, temper investors' otherwise bullish sentiments.

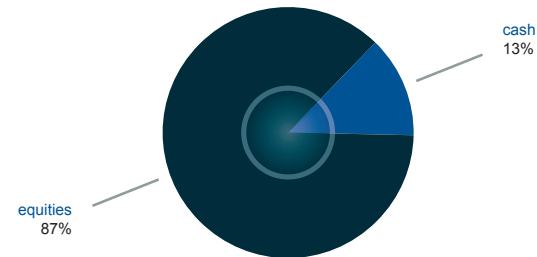
2010 PERFORMANCE REVIEW

The Philippine equity market beat most expectations in 2010, and ended the year up 37.6%. After a tentative start, the market started to gain momentum after the sharp recovery in 1Q10 corporate results and the peaceful transfer of power in the 2010 elections. The market posted all-time highs in the passing months. Top index performers were those related to power generation, leisure and banking industries – indications that the Philippines was being viewed as a long-term prospect by both foreign and local investors. Relative political stability, benign inflation expectations, strong corporate earnings and economic performance, surging overseas remittances and a one-notch ratings upgrade all provided a bullish atmosphere in 2010. Likewise, as in 2009, ample liquidity in the system provided a firm base for the market for most of the year, with volumes returning to the USD100m average per day mark and with foreign investors weighing in more heavily in the market. The Fund remained weighted into equities given the longer-term nature of the Fund. The Fund posted a 41.2% increase in its NAVPS, to P2.6116/share.

HISTORICAL PERFORMANCE



PORTFOLIO ASSET ALLOCATION



Sun Life Prosperity Money Market Fund, Inc.

INVESTMENT APPROACH

Investors are anticipated to pay a premium for short-dated instruments in anticipation of the looming shift to monetary tightening in 2011. Market observers predict that policy normalization could come in sooner than previously thought, perhaps as early as 2Q2011, due to rising inflationary pressures.

FINANCIAL RESULTS

The Fund registered 28% growth in net assets from P295 Million in 2009 to P379 Million in 2010. P1.2 Billion came from issuance of redeemable shares including those shares tagged as deposit for future subscriptions, P2.8 Million from net investment income. Redemptions including DFFS redemptions amounting to P 1.1 Billion were recorded during the period.

Net investment income in 2010 was P2.8 Million, 56% lower than the previous year's P6.4 Million. A decrease in interest income contributed mainly to the decrease in net investment income for the period.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

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LONG TERM PERFORMANCE OVERVIEW

To a large degree, the global financial crisis has unwittingly highlighted Asia's eminence as the key engine of global growth. Asia's spectacular growth is underpinned by the robust growth of the mammoth economies of India and China. In Emerging Asia, inflation poses a major risk and concern among monetary authorities, particularly when economic recovery goes on full swing. Policy measures to contain inflation would include an increase in bank reserve requirements, reduction in loan discount facilities and ultimately, policy rate hikes.

The Philippines is keenly expecting more credit rating upgrades from global rating agencies in 2011 for good reason. Clearly, the country's fiscal consolidation program has gained traction amid prudent government spending and spirited efforts to increase revenue collections.

However, growth of the Philippine economy in 2011 will be relatively lower as the country grapples with higher inflation. Further, the country must deal with the superfluous surge in capital inflows that have been the pernicious scourge of Emerging Markets. The sustained sterilization of hot money could unduly bloat the country's international reserves and would have adverse implications. The BSP could incur foreign currency revaluation losses in case the peso steadily appreciates against the US dollar.

Overseas developments will likely be watched more closely, as the Fund increases its global overseas exposure. Hopefully, the Fund's diversified global investments will provide secure returns in good times and shield the Fund when downturns strike certain portions of the investment universe.

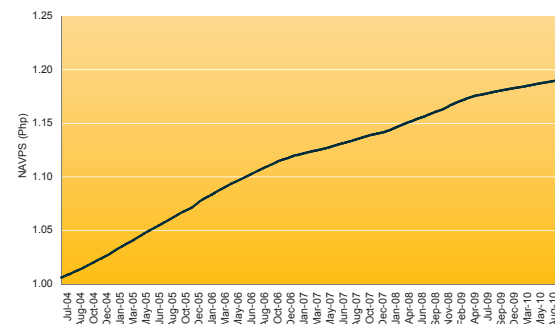
2010 PERFORMANCE REVIEW

Money market rates dipped lower amid teeming market liquidity just as Bangko Sentral ng Pilipinas (BSP) SDAs surged to P1.16 trillion as of the 3rd week of November. SDAs ballooned amid the strong liquidity surge in the wake of the BSP's decision not to roll over maturing swap contracts in late October to early November.

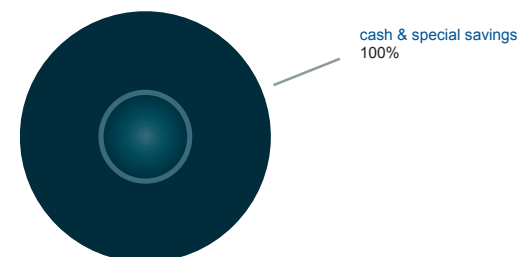
The BSP kept its benchmark overnight borrowing rate unchanged at 4% in 2010. The BSP highlighted the country's robust growth potential combined with benign inflation outlook despite the CPI rising to 3% in December. Nonetheless, the BSP is wary of the potential policy impasse ahead as a poorly timed shift to a tightening mode could either fuel inflation risks or stifle economic growth.

Return on Investments (ROI) was 0.78% y-o-y. NAVPS closed at Ps1.1228.

HISTORICAL PERFORMANCE



PORTFOLIO ASSET ALLOCATION



Sun Life Prosperity GS Fund, Inc.

INVESTMENT APPROACH

Investment mandate focuses on investing exclusively in risk-free government securities. Optimum levels of cash are maintained to support investment and client liquidity requirements.

FINANCIAL RESULTS

Net assets of the Fund stood at P\$896 Million by the end of 2010, P\$697 Million higher than P\$199 Million reported as at the end of 2009. P\$980 Million came from issuances of redeemable shares including those shares tagged as DFFS, while another P\$39 Million came from net investment income for the period including unrealized appreciation on Treasury Notes held. Redemptions totaling P\$322 Million were recorded during the year.

Gross investment income was 165% higher in 2010 due to the higher volume of investible funds brought about by the higher AUM, better interest rates and market prices of Treasury Notes compared to investments maintained by the Fund in 2009. Total operating expenses on the other hand increased by P\$4.7 Million mainly due to higher management fees paid as a result of an increase in Net Asset Under Management. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes amounting to P\$31 Million, total comprehensive income for 2010 was P\$32 Million higher compared to total comprehensive income in 2009.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

There are no significant elements of income nor loss that did not arise from the Fund's continuing operations.

LONG TERM PERFORMANCE OVERVIEW

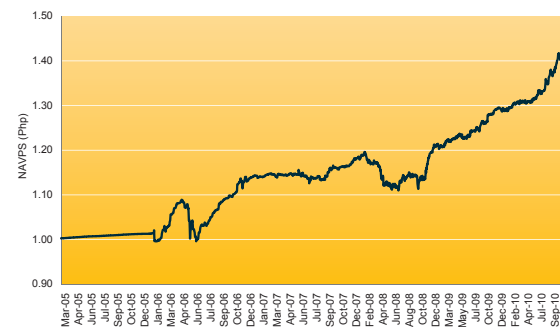
Mounting inflationary pressures from the sharp spike in prices of food commodities, fuel, highway toll fees as well as the looming transport fare hike have spooked investors who snubbed the recent S&P upgrade of the country's outlook from "stable" to "positive". Amid the looming shift to monetary tightening that is now expected to happen sooner than earlier thought, fixed income markets are unlikely to replicate its impressive performance in the last two years. A hike in the banks' reserve requirements from 19-21%, could herald the shift to monetary tightening, perhaps as early as the 2nd quarter.

2010 PERFORMANCE REVIEW

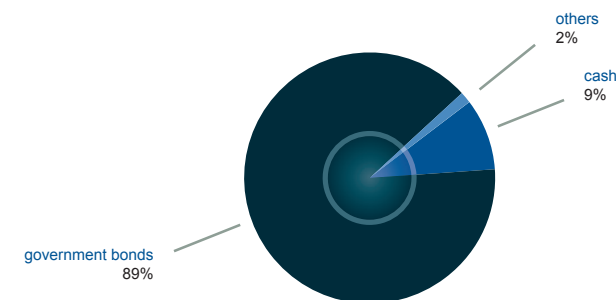
Portfolio duration was increased and cash levels were trimmed down to maximize returns. Bond prices particularly on the long-end outperformed as thin liquidity inevitably pushed up prices.

Return on Investment (ROI) for the year was 10.92% y-o-y. NAVPS closed at P\$1.3193 from P\$1.1894 in the previous year.

HISTORICAL PERFORMANCE



PORTFOLIO ASSET ALLOCATION



Sun Life Prosperity Dollar Advantage Fund, Inc.

INVESTMENT APPROACH

Investment strategy remains view-driven and all bond holdings are restricted to liquid issues. Investment in corporate debt is limited to select investment grade assets. Increased exposure in longer tenors is in line with generally bullish prospects. However, starting 2010, the Fund will start to increase its exposure to overseas mutual funds, to fulfill its renewed mandate of being mainly a USD-denominated balanced fund.

FINANCIAL RESULTS

The Fund's net assets registered 10% increase from USD19 Million in 2009 to USD21 Million in 2010 mainly due to issuance of redeemable shares including those shares tagged as DFFS, if any, amounting to USD3.8 Million, coupled with USD851 Thousand total profit for the year. Shareholders redeemed a total of USD2.7 Million during the same period.

Gross Investment Income increased by USD425 Thousand mainly due to interest income earned from fixed income investments held by the Fund. With the decrease in unrealized gain on marked to market valuation of Dollar Bonds and Investment in global equities total profit of the Fund decreased by USD728 Thousand from USD1.579 Million total profit posted on same period last year.

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There are no significant elements of income nor loss that did not arise from the Fund's continuing operations.

LONG TERM PERFORMANCE OVERVIEW

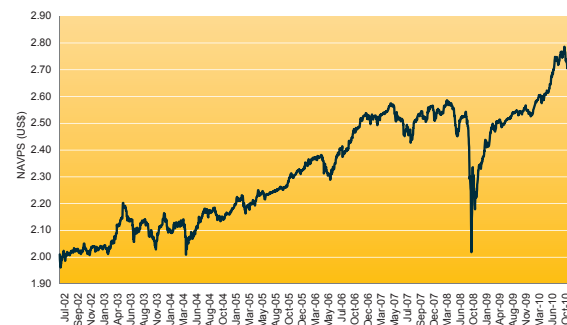
Amidst the uncertainty, the Fund kicked off its initial purchase of overseas global equity-linked mutual funds. These comprised 13% of the Fund's total AUM, with a target of at least 40% of AUM coming into 2011.

2010 PERFORMANCE REVIEW

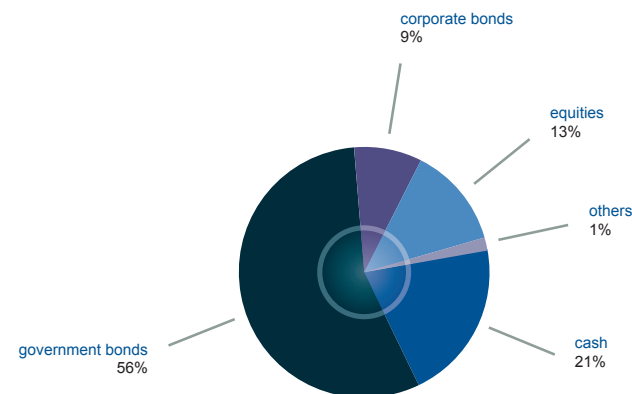
While the festering debt crisis in Europe and growing concerns over recovery prospects of the US economy continued to dominate global markets outlook, Philippine ROPs displayed remarkable resiliency. Bond prices particularly on the long-end outperformed as thin liquidity inevitably pushed up prices. Also, lackluster US economic recovery prospects boosted speculations that a US Fed policy rate hike appears unlikely in the near- to medium-term. Bond prices got a boost from the positive external payments position combined with firm local buying support.

Towards year-end however, Philippine dollar bonds succumbed to profit taking after a stirring rally in the first 8 months. Knee-jerk reaction to news on Moody's downgrading of Spain's credit rating by a notch from Aaa to Aa1 gave an excuse to book profits and pare down exposure to risky assets. Selling pressure intensified further as the debt crisis in Europe worsened while tepid economic data from the U.S. continued to cast a pall of uncertainty over the quantitative easing 2 (QE2). Despite the year's difficulties, the Fund still managed to post a 4.7% increase in its NAVPS, to PHP2.6878/share.

HISTORICAL PERFORMANCE



PORTFOLIO ASSET ALLOCATION



Sun Life Prosperity Dollar Abundance Fund, Inc.

INVESTMENT APPROACH

Investment strategy remains view-driven and all bond holdings are restricted to liquid issues. Investment in corporate debt is limited to select investment grade assets. Increased exposure in longer tenors is in line with generally bullish prospects.

FINANCIAL RESULTS

The Fund registered 104% growth in net assets from USD 5.6 Million in 2009 to USD 11.4 Million in 2010. USD 7 Million came from issuance of redeemable shares, USD 328 Thousand from net investment income inclusive of unrealized appreciation of fixed income holdings. Redemptions including redemptions of investments tagged as DFFS amounted to USD 1.4 Million were recorded during the period.

Gross investment income in 2010 was USD 328 Thousand, USD 111 Thousand higher than previous year's USD 217 Thousand. Increase in gross investment income for the current year was reduced by USD 79 Thousand increase in operating expenses, USD 115 Thousand decrease in unrealized market gains on fixed income investments and USD 38 Thousand increase in income tax expenses resulted to a drop in total net investment income of USD 120 Thousand from USD 448 Thousand net investment income of same period last year.

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LONG TERM PERFORMANCE OVERVIEW

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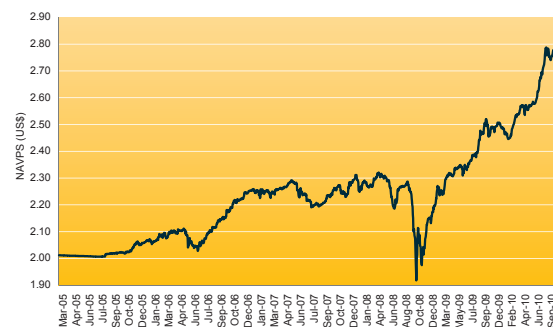
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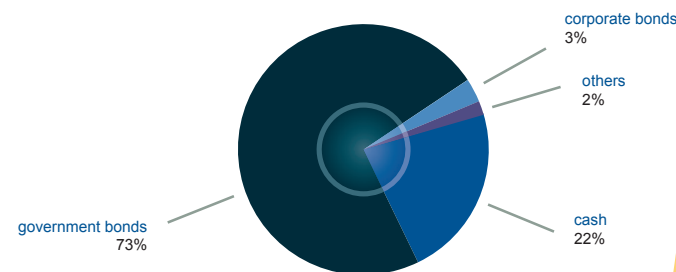
Towards year-end however, Philippine dollar bonds succumbed to profit taking after a stirring rally in the first 8 months. Knee-jerk reaction to news on Moody's downgrading of Spain's credit rating by a notch from Aaa to Aa1 gave an excuse to book profits and pares down exposure to risky assets. Selling pressure intensified further as the debt crisis in Europe worsened while tepid economic data from the U.S. continued to cast a pall of uncertainty over the quantitative easing 2 (QE2).

Return on Investment (ROI) was 7.3% y-o-y. NAVPS closed at US\$2.5289 from US\$2.3577.

HISTORICAL PERFORMANCE



PORTFOLIO ASSET ALLOCATION



The Boards of Directors and Shareholders

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.
 SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
 SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND, INC.
 SUN LIFE PROSPERITY MONEY MARKET FUND, INC.
 SUN LIFE PROSPERITY GS FUND, INC.
 SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.
 SUN LIFE PROSPERITY DOLLAR ABUNDANCE FUND, INC.
 (Open-End Investment Companies)

The management of the Sun Life Prosperity Funds is responsible for all information and representations contained in the financial statements for the years ended December 31, 2010 and 2009. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Boards of Directors review the financial statements before such statements are approved and submitted to the stockholders of the Sun Life Prosperity Funds.

Manabat Delgado Amper & Co., the independent auditors appointed by the stockholders, have examined the financial statements of the Sun Life Prosperity Funds in accordance with Philippine Standards on Auditing and have expressed their opinion on the fairness of presentation upon completion of such examination, in their report to the Boards of Directors and stockholders.



Rizalina G. Mantaring
 Chairman of the Board



Valerie N. Pama
 Chief Operating Officer



Marissa H. Ofendo Reyes
 Treasurer



Benedicto C. Sison
 Chief Finance Officer, SLAMC

Deloitte. | Manabat DelgadoAmper & Co.

The Boards of Directors and Shareholders

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.
 SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
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 (Open-End Investment Companies)

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 Fax: + 63 (2) 810 50 47
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Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sun Life Prosperity Funds as of December 31, 2010 and 2009, and its financial performance and its cash flows for the years then ended in accordance with the Philippine Financial Reporting Standards.

PTR No. 2669804
 January 7, 2011
 Makati City

April 11, 2011

Sun Life Prosperity Funds (Open-end Investment Companies)

STATEMENTS OF FINANCIAL POSITION	BOND		BALANCED		PHILIPPINE EQUITY	
	December 31		December 31		December 31	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
ASSETS						
Current Assets						
Cash	P 300,153,540	P24,684,915	P60,044,728	P30,821,186	P71,757,088	P 30,461,404
Accrued interest receivable	51,133,379	45,376,202	22,314,218	35,360,981	98,297	2,866,983
Dividends receivable	-	-	1,325,103	2,454,178	814,330	1,455,828
Financial assets at fair value through profit or loss	2,555,003,442	2,159,819,183	8,519,880,580	7,532,812,864	4,903,588,503	3,034,154,359
Loans and receivables	390,317,914	-	-	-	-	-
Other current assets	166,318	-	415,391	42,566	-	-
Other receivables	-	-	-	-	-	-
Due from broker	-	-	-	-	11,864,142	-
Total Current Assets	3,296,774,593	2,229,880,300	8,603,980,020	7,601,491,775	4,988,122,360	3,068,938,574
Non-current Assets						
Loans and receivables	-	555,769,642	50,000,000	75,000,000	-	-
Other non-current assets	681,244	-	454,901	321,455	35,228	-
Total Non-current Assets	681,244	555,769,642	50,454,901	75,321,455	35,228	-
	P3,297,455,837	P2,785,649,942	P8,654,434,921	P7,676,813,230	P4,988,157,588	P3,068,938,574
LIABILITIES AND EQUITY						
Current Liabilities						
Accrued expenses	1,298,371	1,263,119	106,297,983	32,225,226	56,337,178	12,355,076
Due to broker	-	-	-	-	55,842,343	-
Income tax payable	-	1,832,020	43,718	-	35,228	-
Payable to fund manager	5,405,101	3,730,361	19,261,427	14,010,318	10,415,598	7,524,061
Total Current Liabilities	6,703,472	6,825,500	125,603,128	46,235,544	122,630,347	19,879,137
Equity						
Capital stock	3,730,399,542	3,730,399,542	33,119,653	2,000,000	12,000,000	2,000,000
Deposit for future stock subscription	-	-	-	6,976,705,988	1,720,141,405	2,560,902,206
Additional paid-in capital	1,526,167,159	1,388,237,305	6,568,293,334	683,215,598	1,852,908,794	458,368,292
Retained earnings	2,412,492,979	2,189,173,708	2,109,279,271	(31,341,149)	1,280,805,331	27,789,455
Treasury Shares	(4,378,307,315)	(4,528,986,113)	(181,860,465)	(2,751)	(328,289)	(516)
Total Equity	3,290,752,365	2,778,824,442	8,528,831,793	7,630,577,686	4,865,527,241	3,049,059,437
	P3,297,455,837	P2,785,649,942	P8,654,434,921	P7,676,813,230	P4,988,157,588	P3,068,938,574
NET ASSETS VALUE PER SHARE	P2.2183	P2.0567	P2.6305	P2.0123	P2.6116	P1.8490

STATEMENTS OF FINANCIAL POSITION

MONEY MARKET		GS		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
December 31		December 31		December 31		December 31	
2010	2009	2010	2009	2010	2009	2010	2009
PHP	PHP	PHP	PHP	USD	USD	USD	USD
P21,163,808	P2,153,622	P22,128,802	P15,473,620	\$1,396,554	\$197,492	\$267,736	\$148,448
31,390	222,169	13,243,378	3,317,791	319,358	331,408	186,491	105,812
-	-	-	-	-	-	-	-
363,670,000	293,700,000	862,267,393	180,303,633	19,184,922	18,471,544	11,118,760	5,380,956
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	20,000	-	-	-	-	-
-	-	-	-	-	-	-	-
384,865,198	296,075,791	897,659,573	199,095,044	\$20,900,834	\$19,000,444	\$11,572,987	\$5,635,216
-	-	-	-	-	-	-	-
422	147	-	-	-	-	-	-
422	147	-	-	-	-	-	-
P384,865,620	P296,075,938	P897,659,573	P199,095,044	\$20,900,834	\$19,000,444	\$11,572,987	\$5,635,216
5,906,498	832,085	266,685	111,368	\$115,172	\$67,869	\$82,689	\$5,731
-	-	-	-	-	-	-	-
194	46	-	-	27,183	52,641	19,008	13,264
390,532	255,694	1,484,668	308,130	33,713	30,252	16,482	17,708
6,297,224	1,087,825	1,751,353	419,498	176,068	150,762	118,179	36,703
1,000,000	1,000,000	2,000,000	1,695,015	124,000	124,000	40,000	40,000
265,804,803	149,207,476	622,139,723	-	4,057,730	3,686,884	6,452,051	878,739
107,497,992	143,349,464	220,568,462	187,946,098	14,362,189	13,700,229	4,227,600	4,273,735
4,267,929	1,431,476	51,202,072	11,959,102	2,195,101	1,344,219	736,451	408,232
(2,328)	(303)	(2,037)	(2,924,669)	(14,254)	(5,650)	(1,294)	(2,193)
378,568,396	294,988,113	895,908,220	198,675,546	20,724,766	18,849,682	11,454,808	5,598,513
P384,865,620	P296,075,938	P897,659,573	P199,095,044	\$20,900,834	\$19,000,444	\$11,572,987	\$5,635,216
P1,1228	P1,1141	P1,3193	P1,1894	\$2.6878	\$2.5669	\$2.5289	\$2.3577

Sun Life Prosperity Funds (Open-end Investment Companies)

STATEMENTS OF COMPREHENSIVE INCOME	BOND		BALANCED		PHILIPPINE EQUITY	
	For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
REVENUES - NET						
Interest	P215,000,555	P226,935,688	P102,396,302	P201,661,150	P10,031,963	P20,960,109
Dividends	-	-	186,975,531	143,833,648	P89,604,842	P66,241,999
Net realized gain (loss) on investments	29,161,336	5,100,495	803,083,182	34,836,717	529,728,592	(4,190,666)
Other income	5,053,540	9,650,000	6,467,773	990,570	1,761,378	722,627
	249,215,431	241,686,183	1,098,922,788	381,322,085	631,126,775	83,734,069
OPERATING EXPENSES						
Investment management fees	52,782,376	43,783,536	185,318,728	156,924,620	86,648,990	54,388,839
Taxes and licenses	2,282,757	1,942,657	3,554,895	1,865,597	6,498,936	2,601,117
Professional fees	243,573	332,045	213,133	79,683	141,961	37,675
Custodian fees	229,411	161,863	893,584	1,740,955	806,013	633,853
Directors fees	140,000	160,000	240,000	240,000	240,000	240,000
Printing and supplies	50,513	50,374	189,758	100,506	140,450	44,621
Other expenses	8,756	-	-	-	397	-
	55,737,386	46,430,475	190,410,098	160,951,361	94,476,747	57,946,105
Profit (Loss) Before Unrealized Gains on Investments	193,478,045	195,255,708	908,512,690	220,370,724	536,650,028	25,787,964
Net Unrealized Gain (Loss) on Investments	73,118,190	(7,526,300)	1,254,259,438	1,185,707,296	718,366,540	827,746,763
Profit (Loss) Before Tax	266,596,235	187,729,408	2,162,772,128	1,406,078,020	1,255,016,568	853,534,727
Income Tax Expense	43,276,964	45,583,902	22,151,708	44,047,499	2,000,692	4,384,164
Profit (Loss) for the Year	223,319,271	142,145,506	2,140,620,420	1,362,030,521	1,253,015,876	849,150,563
Basic Earnings per Share	P0.16	P0.11	P0.61	P 0.36	P0.73	P 0.55

STATEMENTS OF COMPREHENSIVE INCOME

MONEY MARKET		GS		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31	
2010	2009	2010	2009	2010	2009	2010	2009
PHP	PHP	PHP	PHP	USD	USD	USD	USD
P8,706,946	P13,420,402	P20,323,754	P 7,676,996	\$743,208	\$632,789	\$328,450	\$163,605
-	-	-	-	-	-	-	-
-	-	-	-	295,407	(22,862)	-	51,236
9,712	2,320	-	-	-	4,066	-	1,734
8,716,658	13,422,722	20,323,754	7,676,996	1,038,615	613,993	328,450	216,575
3,711,649	3,984,761	6,475,578	1,878,496	347,561	298,748	132,868	58,084
90,592	87,956	73,557	48,406	1,759	29,627	1,415	880
157,779	70,737	97,727	65,892	2,534	2,350	3,587	1,605
900	10,461	30,580	6,954	4,344	3,888	1,088	707
140,000	160,000	160,000	160,000	3,650	3,478	3,650	3,478
40,957	24,268	36,562	33,473	724	569	362	445
-	50	2,030	-	3,809	-	1,510	-
4,141,877	4,338,233	6,876,034	2,193,221	364,381	338,660	144,480	65,199
4,574,781	9,084,489	13,447,720	5,483,775	674,234	275,333	183,970	151,376
-	-	30,824,766	3,768,493	287,251	1,383,667	209,984	325,197
4,574,781	9,084,489	44,272,486	9,252,268	961,485	1,659,000	393,954	476,573
1,738,328	2,695,779	5,029,516	1,793,820	110,603	80,048	65,735	28,419
2,836,453	6,388,710	39,242,970	7,458,448	850,882	1,578,952	328,219	448,154
P0.01	P0.02	P0.13	P 0.08	\$0.12	\$0.22	\$0.11	\$0.29

Sun Life Prosperity Funds (Open-end Investment Companies)

BOND	For the Years Ended December 31				
	Capital Stock	Capital paid in excess of par value	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P3,700,136,121	P1,306,134,239	P2,047,028,202	(P4,557,581,151)	P2,495,717,411
Profit for the year			142,145,506		142,145,506
Transactions with owners:					
Issuance of redeemable shares during the year	431,799,449	82,103,066	-	(712,621,360)	(198,718,845)
Redemption of redeemable shares during the year	(401,536,028)	-	-	741,216,398	339,680,370
Total Transactions with owners	30,263,421	82,103,066	-	28,595,038	140,961,525
Balance, December 31, 2009	P3,730,399,542	P1,388,237,305	P2,189,173,708	(P4,528,986,113)	P2,778,824,442
Profit for the year			223,319,271		223,319,271
Transactions with owners:					
Issuance of redeemable shares during the year	483,762,906	137,929,854	-	(750,147,040)	(128,454,280)
Redemption of redeemable shares during the year	(483,762,906)	-	-	900,825,838	417,062,932
Total Transactions with owners	-	137,929,854	-	150,678,798	288,608,652
Balance, December 31, 2010	P3,730,399,542	P1,526,167,159	P2,412,492,979	(P4,378,307,315)	P3,290,752,365

BALANCED	For the Years Ended December 31					
	Capital Stock	Deposit for future stock Subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P2,000,000	P7,402,944,367	P564,738,123	(P1,393,371,670)	(P7,036)	P6,576,303,784
Profit for the year				1,362,030,521		1,362,030,521
Transactions with owners:						
Issuance of redeemable shares during the year	6,810,777	-	118,477,475	-	(1,227,037,210)	(1,101,748,958)
Redemption of redeemable shares during the year	(6,810,777)	-	-	-	1,227,041,495	1,220,230,718
Deposit for future stock subscriptions	-	(426,238,379)	-	-	-	(426,238,379)
Total Transactions with owners	-	(426,238,379)	118,477,475	-	4,285	(307,756,619)
Balance, December 31, 2009	P2,000,000	P6,976,705,988	P683,215,598	(P31,341,149)	(P2,751)	P7,630,577,686
Profit for the year				2,140,620,420		2,140,620,420
Transactions with owners:						
Issuance of redeemable shares during the year	43,278,649	-	5,885,077,736	-	(2,974,863,631)	2,953,492,754
Redemption of redeemable shares during the year	(12,158,996)	-	-	-	2,793,005,917	2,780,846,921
Deposit for future stock subscriptions	-	(6,976,705,988)	-	-	-	(6,976,705,988)
Total Transactions with owners	31,119,653	(6,976,705,988)	5,885,077,736	-	(181,857,714)	(1,242,366,313)
Balance, December 31, 2010	P33,119,653	-	P6,568,293,334	P2,109,279,271	(P181,860,465)	P8,528,831,793

STATEMENTS OF CHANGES IN EQUITY

PHILIPPINE EQUITY	For the Years Ended December 31					
	Capital Stock	Deposit for future stock Subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P2,000,000	P2,377,616,531	P400,823,355	(P821,361,108)	(P30,047)	P1,959,048,731
Profit for the year				849,150,563		849,150,563
Transactions with owners:						
Issuance of redeemable shares during the year	6,038,410	-	57,544,937	-	(985,716,028)	(922,132,681)
Redemption of redeemable shares during the year	(6,038,410)	-	-	-	985,745,559	979,707,149
Redemption of deposit for future stock subscriptions	-	183,285,675	-	-	-	183,285,675
Total Transactions with owners	-	183,285,675	57,544,937	-	29,531	240,860,143
Balance, December 31, 2009	P2,000,000	P2,560,902,206	P458,368,292	P2,789,455	(P516)	P3,049,059,437
Profit for the year				1,253,015,876		1,253,015,876
Transactions with owners:						
Issuance of redeemable shares during the year	24,490,427	-	1,394,540,502	-	(2,957,668,419)	(1,538,637,490)
Redemption of redeemable shares during the year	(14,490,427)	-	-	-	2,957,340,646	2,942,850,219
Deposit for future stock subscriptions	-	(840,760,801)	-	-	-	(840,760,801)
Total Transactions with owners	10,000,000	(840,760,801)	1,394,540,502	-	(327,773)	563,451,928
Balance, December 31, 2010	P12,000,000	P1,720,141,405	P1,852,908,794	P1,280,805,331	(P328,289)	P4,865,527,241

MONEY MARKET	For the Years Ended December 31					
	Capital Stock	Deposit for future stock Subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P1,000,000	P406,539,346	P125,746,957	(P4,957,234)	(P449)	P528,328,620
Profit for the year				6,388,710		6,388,710
Transactions with owners:						
Issuance of redeemable shares during the year	6,199,153	-	17,602,507	-	(667,649,137)	(643,847,477)
Redemption of redeemable shares during the year	(6,199,153)	-	-	-	667,649,283	661,450,130
Redemption of deposit for future stock subscriptions	-	(257,331,870)	-	-	-	(257,331,870)
Total Transactions with owners	-	(257,331,870)	17,602,507	-	146	(239,729,217)
Balance, December 31, 2009	P1,000,000	P149,207,476	P143,349,464	P1,431,476	(P303)	P294,988,113
Profit for the year				2,836,453		2,836,453
Transactions with owners:						
Issuance of redeemable shares during the year	9,564,759	-	-	-	(1,070,933,035)	(1,061,368,276)
Redemption of redeemable shares during the year	(9,564,759)	-	(35,851,472)	-	1,070,931,010	1,025,514,779
Issuance (redemption) of deposit for future stock subscriptions	-	116,597,327	-	-	-	116,597,327
Total Transactions with owners	-	116,597,327	(35,851,472)	-	(2,025)	80,743,830
Balance, December 31, 2010	P1,000,000	P265,804,803	P107,497,992	P4,267,929	(P2,328)	P378,568,396

Sun Life Prosperity Funds (Open-end Investment Companies)

GS	For the Years Ended December 31					
	Capital Stock	Deposit for future stock Subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P1,058,261	-	P109,782,549	P7,225,741	(P44,830,700)	P73,235,851
Profit for the year				7,458,448		7,458,448
Transactions with owners:						
Issuance of redeemable shares during the year	1,476,004	-	75,461,865	-	(54,818,673)	22,119,196
Redemption of redeemable shares during the year	(862,653)	-	-	-	96,724,704	95,862,051
Redemption of deposit for future stock subscriptions	-	-	-	-	-	-
Payment of dividends	23,403	-	2,701,684.00	(2,725,087)	-	-
Total Transactions with owners	636,754	-	78,163,549	(2,725,087)	41,906,031	117,981,247
Balance, December 31, 2009	P1,695,015	-	P187,946,098	P11,959,102	(P2,924,669)	P198,675,546
Profit for the year				39,242,970		39,242,970
Transactions with owners:						
Issuance of redeemable shares during the year	2,957,364	-	32,622,364	-	(321,748,163)	(286,168,435)
Redemption of redeemable shares during the year	(2,652,379)	-	-	-	324,670,795	322,018,416
Deposit for future stock subscriptions	-	622,139,723	-	-	-	622,139,723
Total Transactions with owners	304,985	622,139,723	32,622,364	-	2,922,632	657,989,704
Balance, December 31, 2010	P2,000,000	P622,139,723	P220,568,462	P51,202,072	(P2,037)	P895,908,220

DOLLAR ADVANTAGE	For the Years Ended December 31					
	Capital Stock	Deposit for future stock Subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	\$124,000	\$3,288,621	\$13,973,256	(\$234,733)	(\$1,178)	\$17,149,966
Profit for the year				1,578,952		1,578,952
Transactions with owners:						
Issuance of redeemable shares during the year	21,089	-	-	-	-	21,089
Redemption of redeemable shares during the year	(21,089)	-	(273,027)	-	(2,587,339)	(2,881,455)
Issuance (redemption) of deposit for future stock subscriptions	-	398,263	-	-	2,582,867	2,981,130
Total Transactions with owners	-	398,263	(273,027)	-	(4,472)	120,764
Balance, December 31, 2009	\$124,000	\$3,686,884	\$13,700,229	\$1,344,219	(\$5,650)	\$18,849,682
Profit for the year				850,882		850,882
Transactions with owners:						
Issuance of redeemable shares during the year	23,290	-	661,960	-	(2,748,514)	(2,063,264)
Redemption of redeemable shares during the year	(23,290)	-	-	-	2,739,910	2,716,620
Issuance (redemption) of deposit for future stock subscriptions	-	370,846	-	-	-	370,846
Total Transactions with owners	-	370,846	661,960	-	(8,604)	1,024,202
Balance, December 31, 2010	\$124,000	\$4,057,730	\$14,362,189	\$2,195,101	(\$14,254)	\$20,724,766

STATEMENTS OF CHANGES IN EQUITY

DOLLAR ABUNDANCE	For the Years Ended December 31					
	Capital Stock	Deposit for future stock Subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	\$32,637	-	\$3,365,583	(\$39,922)	(\$864,519)	\$2,493,779
Profit for the year				448,154		448,154
Transactions with owners:						
Issuance of redeemable shares during the year	20,047	-	908,152	-	(274,439)	653,760
Redemption of redeemable shares during the year	(12,684)	-	-	-	1,136,765	1,124,081
Payment of dividends	-	878,739	-	-	-	878,739
Total Transactions with owners	7,363	878,739	908,152	-	862,326	2,656,580
Balance, December 31, 2009	\$40,000	\$878,739	\$4,273,735	\$408,232	(\$2,193)	\$5,598,513
Profit for the year				328,219		328,219
Transactions with owners:						
Issuance of redeemable shares during the year	21,288	-	-	-	(1,430,752)	(1,409,464)
Redemption of redeemable shares during the year	(21,288)	-	(46,135)	-	1,431,651	1,364,228
Issuance (redemption) of deposit for future stock subscriptions	-	5,573,312	-	-	-	5,573,312
Total Transactions with owners	-	5,573,312	(46,135)	-	899	5,528,076
Balance, December 31, 2010	\$40,000	\$6,452,051	\$4,227,600	\$736,451	(\$1,294)	\$11,454,808

Sun Life Prosperity Funds (Open-end Investment Companies)

STATEMENTS OF CASH FLOWS	BOND		BALANCED		PHILIPPINE EQUITY	
	For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit (Loss) before tax	P266,596,235	P187,729,408	P2,162,772,128	P1,406,078,020	P1,255,016,568	P853,534,727
Adjustment for:						
Net unrealized (gain) loss on investments	(73,118,190)	7,526,300	(1,254,259,438)	(1,185,707,296)	(718,366,540)	(827,746,763)
Amortization of premium	-	-	-	-	-	-
Gain from borrower's pre-termination of loans	(4,950,000)	(9,650,000)	(750,000)	-	-	-
Interest income	(215,000,555)	(226,935,688)	(102,396,302)	(143,833,648)	(10,031,963)	(20,960,109)
Dividend income	-	-	(186,975,531)	(201,661,150)	(89,604,842)	(66,241,999)
Operating cash flows before working capital changes	(26,472,510)	(41,329,980)	618,390,857	(125,124,074)	437,013,223	(61,414,144)
Net (purchases)/disposals of financial assets	(358,045,118)	(559,761,250)	253,477,709	154,792,444	(1,151,120,194)	(250,292,456)
Decrease (Increase) in:						
Due from broker	-	-	-	-	(11,864,142)	2,615,434
Other current assets	(166,318)	2,532,994	(372,825)	5,231,349	-	-
Loans receivables	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Other non-current assets	(681,244)	3,019,471	(89,728)	(55,438)	-	-
Increase (Decrease) in:						
Accrued expenses	35,252	(14,273,475)	74,072,757	(101,917,529)	43,982,102	(19,127,094)
Due to broker	-	-	-	-	55,842,343	-
Income tax payable	-	-	-	-	-	-
Payable to fund manager	1,674,740	350,092	5,251,109	1,845,099	2,891,537	3,849,802
Cash generated from (used in) operations	(383,655,198)	(609,462,148)	950,729,879	(65,228,149)	(623,255,131)	(324,368,458)
Income taxes paid	(45,108,984)	(43,751,882)	(22,151,708)	(44,047,499)	(2,000,692)	(4,384,164)
Net cash from (used in) operating activities	(428,764,182)	(653,214,030)	928,578,171	(109,275,648)	(625,255,823)	(328,752,622)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from pre-termination of loans and receivables	169,950,000	184,650,000	25,750,000	-	-	-
Principal payments received on corporate loans	451,728	80,840,625	-	360,000	-	-
Interest received	245,222,427	243,917,720	213,736,307	251,795,825	12,853,239	25,125,278
Dividends received	-	-	103,525,377	141,451,588	90,246,340	65,186,099
Net cash from investing activities	415,624,155	509,408,345	343,011,684	393,607,413	103,099,579	90,311,377
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issuance of redeemable shares	1,038,755,692	853,582,885	1,732,497,318	919,280,591	3,521,120,347	1,226,576,171
Payments on redemption of redeemable shares	(750,147,040)	(712,621,360)	(2,974,863,631)	(1,227,037,210)	(2,957,668,419)	(985,716,028)
Net cash (used in) from financing activities	288,608,652	140,961,525	(1,242,366,313)	(307,756,619)	563,451,928	240,860,143
Effect of foreign Currency Translation Adjustment	-	-	-	-	-	-
Net Increase (Decrease) in Cash	275,468,625	(2,844,160)	29,223,542	(23,424,854)	41,295,684	2,418,898
Cash, Beginning	24,684,915	27,529,075	30,821,186	54,246,040	30,461,404	28,042,506
Cash, End	P300,153,540	P24,684,915	P60,044,728	P30,821,186	P71,757,088	P30,461,404

STATEMENTS OF FINANCIAL POSITION

MONEY MARKET		GS		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31	
2010	2009	2010	2009	2010	2009	2010	2009
PHP	PHP	PHP	PHP	USD	USD	USD	USD
P 4,574,781	P 9,084,489	P 44,272,486	P 9,252,268	\$961,485	\$1,659,000	\$393,954	\$476,573
-	-	(30,824,766)	(3,768,493)	(287,251)	(1,383,667)	(209,984)	(325,197)
(8,706,946)	(13,420,402)	(20,323,754)	(7,676,996)	(743,208)	(632,789)	(328,450)	(163,605)
(4,132,165)	(4,335,913)	(6,876,034)	(2,193,221)	(68,974)	(357,456)	(144,480)	(12,229)
(69,970,000)	234,496,533	(655,974,758)	(106,624,547)	(547,257)	(601,200)	(5,589,277)	(2,604,732)
-	-	-	-	-	-	-	-
-	574,980	-	-	-	-	-	-
-	-	(20,000)	-	-	-	-	-
(275)	(46)	-	-	-	-	-	-
5,074,413	(25,998,875)	155,317	(3,488,533)	47,303	(14,189)	76,958	(176,587)
134,838	(243,186)	1,176,538	207,849	3,461	5,801	(1,226)	14,184
(68,893,041)	204,493,493	(661,538,937)	(112,098,452)	(565,467)	(967,044)	(5,658,025)	(2,779,364)
(1,738,328)	(2,695,767)	(5,029,516)	(1,793,820)	(139,871)	(96,493)	(61,271)	(23,777)
(70,631,369)	201,797,726	(666,568,453)	(113,892,272)	(705,338)	(1,063,537)	(5,719,296)	(2,803,141)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,897,725	18,181,372	15,233,931	7,418,625	876,388	804,190	309,228	139,019
8,897,725	18,181,372	15,233,931	7,418,625	876,388	804,190	309,228	139,019
1,151,676,865	427,919,920	979,737,867	172,799,920	3,772,716	2,708,103	6,958,828	2,931,019
(1,070,933,035)	(667,649,137)	(321,748,163)	(54,818,673)	(2,748,514)	(2,587,339)	(1,430,752)	(274,439)
80,743,830	(239,729,217)	657,989,704	117,981,247	1,024,202	120,764	5,528,076	2,656,580
-	-	-	-	3,810	(4,066)	1,280	(1,734)
19,010,186	(19,750,119)	6,655,182	11,507,600	1,199,062	(142,649)	119,288	(9,276)
2,153,622	21,903,741	15,473,620	3,966,020	197,492	340,141	148,448	157,724
P21,163,808	P2,153,622	P22,128,802	P15,473,620	\$1,396,554	\$197,492	\$267,736	\$148,448

1. CORPORATE INFORMATION

The Sun Life Prosperity Funds (the "Companies") are registered open-end investment companies under the Investment Company Act (R.A. No. 2629) and the Securities Regulation Code (R.A. No. 8799). As open-end investment companies, their shares are redeemable anytime based on the net assets value per share (NAVPS) at the time of redemption.

SUN LIFE PROSPERITY FUNDS (THE "COMPANIES")	INCORPORATION AND SEC REGISTRATION	START OF COMMERCIAL OPERATIONS
Sun Life of Canada Prosperity Bond Fund, Inc.	January 19, 2000	May 1, 2000
Sun Life of Canada Prosperity Balanced Fund, Inc.	December 21, 1999	May 1, 2000
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.	January 17, 2000	May 1, 2000
Sun Life Prosperity Dollar Advantage Fund, Inc.	February 13, 2002	July 1, 2002
Sun Life Prosperity Money Market Fund, Inc.	March 5, 2004	July 1, 2004
Sun Life Prosperity Dollar Abundance Fund, Inc.	November 3, 2004	March 1, 2005
Sun Life Prosperity GS Fund, Inc.	November 3, 2004	March 1, 2005

Sun Life of Canada Prosperity Bond Fund, Inc.

Sun Life of Canada Prosperity Bond Fund, Inc. is engaged in the sale of redeemable shares and is designed to provide long-term interest income and principal preservation through investments in high-quality fixed-income securities issued by the Philippine government and prime Philippine companies aggregating below average risk.

Sun Life of Canada Prosperity Balanced Fund, Inc.

Sun Life of Canada Prosperity Balanced Fund, Inc. is engaged in the sale of redeemable shares and is designed to provide total returns consisting of current income and capital growth through investment in a mix of debt and equity securities from both domestic and foreign issuers.

Sun Life of Canada Prosperity Philippine Equity Fund, Inc.

Sun Life of Canada Prosperity Philippine Equity Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate long-term capital appreciation through investments in high-quality equity securities diversified across sectors and issue sizes to provide portfolio volatility.

Sun Life Prosperity Money Market Fund, Inc.

Sun Life Prosperity Money Market Fund, Inc. is engaged in the sale of redeemable shares and is designed to maximize income as is considered consistent with capital protection through investments in fixed-income securities and other related investments issued by the Philippine government, commercial papers issued by corporations within the Philippines, certificates of deposit and other short-term peso-denominated instruments.

Sun Life Prosperity GS Fund, Inc.

Sun Life Prosperity GS Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate total returns consisting of current income and capital preservation through investments in fixed-income instruments issued by the Republic of the Philippines and denominated in Philippine pesos.

Sun Life Prosperity Dollar Advantage Fund, Inc.

Sun Life Prosperity Dollar Advantage Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate total long-term returns consisting of current income and capital growth in US Dollars through investments in foreign-currency denominated fixed-income investments issued by the Philippines, United States and other foreign governments and by Philippine and foreign corporations, common stocks and related securities, such as preferred stock, convertible securities, depository receipts issued by Philippine and foreign corporations and US-dollar denominated deposits.

Sun Life Prosperity Dollar Abundance Fund, Inc.

Sun Life Prosperity Dollar Abundance Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate total long-term returns consisting of current income and capital growth in US dollars through investments in foreign-currency denominated fixed-income investments issued by the Philippines, United States and other foreign governments and by Philippine and foreign corporations, common stocks and related securities, such as preferred stock, convertible securities, depository receipts issued by Philippine and foreign corporations and US-dollar denominated deposits.

The Companies appointed Sun Life Asset Management Company, Inc. (SLAMCI), an investment management company incorporated in the Philippines and a wholly-owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI), as their fund manager, adviser, administrator, distributor and transfer agent and provides management, distribution and all required operational services. Under the Management and Distribution Agreement, SLAMCI receives aggregate fees for these services at the following annual rates:

Sun Life of Canada Prosperity Bond Fund, Inc.	1.5% of daily average net assets managed
Sun Life of Canada Prosperity Balanced Fund, Inc.	2.0% of daily average net assets managed
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.	2.0% of daily average net assets managed
Sun Life Prosperity Dollar Advantage Fund, Inc.	1.5% of daily average net assets managed
Sun Life Prosperity Money Market Fund, Inc.	0.80% of daily average net assets managed
Sun Life Prosperity Dollar Abundance Fund, Inc.	1.5% of daily average net assets managed
Sun Life Prosperity GS Fund, Inc.	1.5% of daily average net assets managed

The Companies' registered office address is at the 15th Floor, Tower II, The Enterprise Center, 6766 Ayala Avenue, Makati City.

2. FINANCIAL REPORTING FRAMEWORK

Statement of Compliance

The financial statements of the Companies have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the FRSC and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for financial assets carried either at fair value or at amortized cost.

These financial statements are presented in Philippine Peso and United States Dollar, the currency of the primary economic environment in which the Companies' operate.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2010

Improvements to PFRSs 2009 which has been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines was adopted by the Companies effective January 1, 2010:

Improvements to PFRSs 2009 is a collection of amendments to twelve PFRS, issued by the FRSC which comprise the latest set of annual improvements. The FRSC uses the annual improvements project to make necessary, but non-urgent, amendments to PFRS that will not be included as part of another major project. The 2009 amendments reflects issues that were included in exposure drafts of (a) proposed amendments to PFRS in October 2007; (b) proposed amendments to PFRS in August 2008; and (c) January 2009.

The adopted amendments arising from the improvements in 2009 affect the following PFRS:

PAS 7, *Statement of Cash Flows*, "Classification of expenditures on unrecognized assets," requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities.

PAS 18, *Revenue*, "Determining whether an entity is acting as a principal or as an agent," provides additional guidance to the appendix to PAS 18 regarding the determination as to whether an entity is acting as a principal or an agent.

The adoption of *Improvements to PFRSs 2009* did not have a material effect in the Companies' financial statements.

New Accounting Standards Effective After the Reporting Period Ended December 31, 2010

The Companies will adopt the following PFRS:

- a. Amendment to PAS 32, *Financial Instruments Presentation*
- b. IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*
- c. PAS 24 (Revised 2009), *Related Party Disclosures*
- d. Amendments to IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- e. *Improvements to PFRSs 2010*

Amendment to PAS 32, *Financial Instruments Presentation*, states that for rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, these should be classified as equity regardless of the currency in which the exercise price is denominated.

IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*, clarifies the requirements of PFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.

The IASB has revised PAS 24, *Related Party Disclosures*, in response to concerns that the previous disclosure requirements and the definition of a 'related party' were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The revised standard addresses these concerns by providing a partial exemption for government-related entities and providing a revised definition of a related party. The IASB has simplified the definition and removed inconsistencies.

The amendments to IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, correct an unintended consequence of IFRIC 14. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments should be applied retrospectively to the earliest comparative period presented.

The following summarizes the amendments and transitional provisions of the *Improvements to PFRSs 2010*. Unless otherwise noted, the proposed effective date for the amendments is for annual periods beginning on or after January 1, 2011. Earlier application is permitted in all cases.

PFRS7, *Financial Instruments: Disclosure: Clarification of disclosures*, emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

Amendments to quantitative and credit risk disclosures are as follows:

- Clarify that only financial asset whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk;
- Require, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk);
- Remove disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired;
- Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired; and
- Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the end of each reporting period.

PAS 1, *Presentation of Financial Statements*, clarification of statement of changes in equity clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

PAS 27, *Consolidated and Separate Financial Statements*, transition requirements for amendments made as a result of PAS 27, *Consolidated and Separate Financial Statements*, clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates*, and PAS 31, *Interests in Joint Ventures*, apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when PAS 27 is applied earlier.

PAS 34, *Interim Financial Reporting*, significant events and transactions provide guidance to illustrate how to apply disclosure principles in PAS 34 and add disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification;
- Transfers of financial instruments between different levels of the fair value hierarchy;
- Changes in classification of financial assets; and
- Changes in contingent liabilities and assets.

IFRIC 13, *Customer Loyalty Programmes*, clarifies that when the fair value of award credits is measured based on the value of the awards for which these could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

The future adoption of these standards is not expected to result in significant changes in the Companies' financial statements or in the disclosure in the notes to the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Assets

Financial assets are recognized in the Companies' financial statements when the Companies become a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets, except for investments classified as at fair value through profit or loss. In a regular way purchase or sale, financial assets are recognized and derecognized, as applicable, using settlement date accounting.

The Companies derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when the Companies transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Companies neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Companies recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Companies retain substantially all the risks and rewards of ownership of a transferred financial asset, the Companies continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. The difference between the carrying amount of the financial asset derecognized and the consideration received or receivable is recognized in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as investments at fair value through profit or loss when these are acquired for trading or are designated upon initial recognition. Unless designated and considered as effective hedging instruments, derivatives are classified at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Companies manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Companies' documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and it is permitted that the entire combined contract to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in the profit or loss incorporates interest earned on the financial asset.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Companies' past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition. The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss, with the exception of trade receivables wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Financial liabilities

Financial liabilities are recognized in the Companies' financial statements when the Companies become a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Companies' financial liabilities, except for debt instruments classified as at fair value through profit or loss.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Since the Companies do not have financial liabilities classified as at fair value through profit or loss, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash

payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognized by the Companies when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Companies after deducting all of its liabilities. Equity instruments issued by the Companies are recognized at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The costs of acquiring the Companies' own shares are shown as a deduction from equity attributable to the Companies' equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Companies' equity holders.

Revenue Recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the Companies and the revenue can be measured reliably. Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Gains arising from changes in fair values of investments are disclosed under the policy on financial assets.

Dividend income from investments is recognized when the shareholders' right to receive payment has been established, usually at ex-dividend rate.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or, (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset. Expenses in the statements of comprehensive income are presented using the nature of expense method. Operating expenses are costs attributable to administrative and other business activities of the Companies.

Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or are under common control with the Companies are also considered related parties.

Taxation

Income tax expense represents the sum of the current tax expense and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Companies' liability for current tax in 2010 and 2009 is calculated at 30%.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and these relate to income taxes levied by the same taxation authority and the Companies intend to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at 30%. Deferred tax is charged or credited in profit or loss, except when it relates to items charged to other comprehensive income, in which case the deferred tax is also charged to other comprehensive income.

Earnings per Share

The Companies compute its basic earnings per share by dividing the profit for the year by the monthly weighted average number of issued and outstanding shares including deposit for future subscription, if any, during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Companies and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Events after the Reporting Period

The Companies identify events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Companies are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Companies' accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Loans and receivables designated as fair value through profit or loss

The Companies designated its special savings deposits as financial asset at fair value through profit or loss since it forms part of a group of managed financial assets whose performance is evaluated on a fair value basis, in accordance with the Companies' documented risk management or investment strategy. The information about the group of managed financial assets is provided internally on that basis to the Companies' management.

As of December 31, 2010 and 2009, carrying amounts of the Companies' special savings deposits are as follows:

SPECIAL SAVINGS DEPOSIT	2010	2009
Bond Fund	P291,470,000	P358,460,000
Balanced Fund	P1,028,470,000	P1,032,610,000
Philippine Equity Fund	P568,790,000	P408,680,000
Money Market Fund	P363,670,000	P293,700,000
GS Fund	P60,860,000	P27,530,000
Dollar Advantage Fund	\$2,944,100	\$12,013,424
Dollar Abundance Fund	\$2,336,000	\$711,200

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of financial assets at fair value through profit or loss

The Companies carry its financial assets at fair value through profit or loss at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using

verifiable objective evidence, i.e., foreign exchange rates, interest rates, volatility rates, the amount of changes in fair value would differ if the Companies utilized different valuation methodology. Any changes in fair value of these financial assets would directly affect the profit or loss and equity.

Carrying amount of financial assets carried at fair value subsequent to initial recognition and net unrealized gain or loss on investments:

FINANCIAL ASSETS AT FAIR VALUE	2010	2009
Bond Fund	P2,555,003,442	P2,159,819,183
Balanced Fund	P8,519,880,580	P7,532,812,864
Philippine Equity Fund	P4,903,588,503	P3,034,154,359
Money Market Fund	P363,670,000	P293,700,000
GS Fund	P862,267,393	P180,303,633
Dollar Advantage Fund	\$19,184,922	\$18,471,544
Dollar Abundance Fund	\$11,118,760	\$5,380,956

Net Unrealized Gain or Loss on Investments:

NET UNREALIZED GAIN OR LOSS ON INVESTMENTS	2010	2009
Bond Fund	P73,118,190	P(7,526,300)
Balanced Fund	P1,254,259,438	P1,185,707,296
Philippine Equity Fund	P718,366,540	P827,746,763
GS Fund	P30,824,766	P3,768,493
Dollar Advantage Fund	\$287,251	\$1,383,667
Dollar Abundance Fund	\$209,984	\$325,197

Estimating allowances for doubtful accounts

The Companies estimate the allowance for doubtful accounts related to its loans and receivables based on assessment of specific accounts when the Companies have information that counterparties are unable to meet their financial obligations. In these cases judgment used was based on the best available facts and circumstances including, but not limited to, the length of relationship with the counterparties and the counterparties' current credit status based on third party credit reports and known market factors. The Companies used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Companies believe that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

As of December 31, 2010 and 2009, Management believes that the collectability of the loans receivables and accrued interest receivable is certain; consequently, no provision for doubtful accounts was recognized in both years.

Total loans receivables and accrued interest receivable as of December 31, 2010 and 2009:

LOANS RECEIVABLES AND ACCRUED INTEREST RECEIVABLES	2010	2009
Bond Fund	P441,451,293	P601,145,844
Balanced Fund	P72,314,218	P110,360,981
Philippine Equity Fund	P11,962,439	P2,866,983
Money Market Fund	P31,390	P222,169
GS Fund	P13,243,378	P3,317,791
Dollar Advantage Fund	\$319,358	\$331,408
Dollar Abundance Fund	\$186,491	\$105,812

6. FINANCIAL RISK MANAGEMENT

The Companies' activities expose it to a variety of financial risks: market risk, which includes fair value interest rate risk and equity price risk; credit risk; and liquidity risk. The Fund Manager exerts best efforts to anticipate events that would negatively affect the value of the Companies' assets and takes appropriate actions to counter these risks. However, there is no guarantee that the strategies will work as intended. The policies for managing specific risks are summarized below.

Market risk

The Companies' activities expose it primarily to the financial risks of changes in interest rates and prices of equity securities in the stock market. There has been no change to the Companies' exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

The primary source of the Companies' interest rate risk relates to cash in banks, corporate loan, specials savings deposits, fixed rate treasury bills and fixed rate treasury notes it holds. Interest rates of the financial assets are disclosed in Notes 8 and 12.

The risk is managed by the Companies by actively monitoring the prevailing interest rate environment. The duration of the portfolio is reduced during periods of rising rates and widening credit spreads to maximize interest income potential. Conversely, the same is increased during periods of falling rates and narrowing credit spreads.

The Companies' exposures to interest rates on financial assets are detailed in the liquidity risk management section of this note.

A 2% increase or decrease in the interest rate of Fixed Rate Treasury Notes has been determined for sensitivity analysis based on the exposure to interest rates for Fixed Rate Treasury Notes at the end of each reporting period. The same is used for reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonable effect of a possible change in interest rates.

If interest rates of Fixed Rate Treasury Notes had been 2% higher/lower and all other variables are held constant, the Companies' profit for the years ended 2010 and 2009 would have increased/decreased by:

	2010	2009
Bond Fund	P31,214,126	P24,840,743
Balanced Fund	P7,048,761	P22,370,453
Philippine Equity Fund	P34,590	P1,864,666
Dollar Advantage Fund	\$186,340	\$165,665
Money Market Fund	P30,231	P32,599
Dollar Abundance Fund	\$121,114	\$64,396
GS Fund	P11,051,408	P2,106,748

Equity price risk

The Companies are exposed to equity price risks arising from equity investments. Equity investments could either be held for strategic or trading purposes.

The risk is managed by the Companies by actively monitoring the Philippine Stock Exchange Index. Portfolios are traded based on a combination of regularly-carried out fundamental and technical analyses of stock prices.

Based on the exposure to equity price risks at the end of each reporting period, if equity prices had been 2% higher/lower, profit for the years ended December 31, 2010 and 2009 would have increased/decreased by:

	2010	2009
Balanced Fund	P91,107,130	P66,812,330
Philippine Equity Fund	P59,473,435	P34,156,842

Other than interest and equity price risks discussed above, there are no other market risks which will significantly affect the Companies' performance.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Companies. The Companies have adopted a policy of dealing only with creditworthy counterparties, as a means of

mitigating the risk of financial loss from defaults, and transacts only with entities that are rated the equivalent of investment grade of AAA down to minimum BBB. This information is supplied by independent rating agencies, when available. If the information is not available, the Companies use other publicly available financial information and its own trading records to rate its major customers. The Companies' exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Companies do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Companies define counterparties as having similar characteristics if these are related entities. The credit risk on liquid funds, as disclosed in Notes 10 and 12, is limited because the counterparties are commercial banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Companies' maximum exposure to credit risk without taking account of the value of any collateral obtained:

BOND	2010	2009
Financial assets at fair value through profit or loss	P2,555,003,442	P2,159,819,183
Loans and receivables	390,317,914	555,769,642
Cash in banks	300,153,540	24,684,915
Accrued interest receivable	51,133,379	45,376,202
	P3,296,608,275	P2,785,649,942

BALANCED	2010	2009
Financial assets at fair value through profit or loss	P8,519,880,580	P7,532,812,864
Loans and receivables	60,044,728	30,821,186
Cash in banks	50,000,000	75,000,000
Accrued interest receivable	22,314,218	35,360,981
	P8,652,239,526	P7,673,995,031

EQUITY	2010	2009
Financial assets at fair value through profit or loss	P4,903,588,503	P3,034,154,359
Loans and receivables	71,757,088	30,461,404
Cash in banks	11,864,142	-
Accrued interest receivable	98,297	2,866,983
	P4,987,308,030	P3,067,482,746

DOLLAR ADVANTAGE	2010	2009
Financial assets at fair value through profit or loss	\$19,184,922	\$18,471,544
Cash in banks	1,396,554	197,492
Accrued interest receivable	319,358	331,408
	\$20,900,834	\$19,000,444

MONEY MARKET	2010	2009
Financial assets at fair value through profit or loss	P363,670,000	P293,700,000
Cash in banks	21,163,808	2,153,622
Accrued interest receivable	31,390	222,169
	P384,865,198	P296,075,791

DOLLAR ABUNDANCE	2010	2009
Financial assets at fair value through profit or loss	\$11,118,760	\$5,380,956
Cash in banks	267,736	148,448
Accrued interest receivable	186,491	105,812
	\$11,572,987	\$5,635,216

GS FUND	2010	2009
Financial assets at fair value through profit or loss	P862,267,393	P180,303,633
Cash in banks	22,128,802	15,473,620
Accrued interest receivable	13,243,378	3,317,791
	P897,639,573	P199,095,044

Carrying amounts of actual exposure of loans and receivables at the end of the year to private corporations, as disclosed in Note 12, are as follows:

BOND	2010	2009
Ayala Land Inc.	P200,317,914	P200,769,642
SM Investments Company, Inc.	190,000,000	190,000,000
Filinvest Land Inc.	-	165,000,000
	P390,317,914	P555,769,642

BALANCED	2010	2009
SM Prime Holdings	P50,000,000	P50,000,000
Filinvest Land, Inc.	-	25,000,000
	P50,000,000	P75,000,000

The following table details the credit quality of the Companies neither past due nor impaired financial assets:

BOND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATIS-FACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	UNRATED	TOTAL
(IN THOUSANDS)						
2010						
Financial assets at fair value through profit or loss	P2,555,003	-	-	-	-	P2,555,003
Loans and receivables	-	-	-	-	390,318	390,318
Cash in banks	300,154	-	-	-	-	300,154
Accrued interest receivable	43,972	-	-	-	7,161	51,133
	P2,899,129	-	-	-	P397,479	P3,296,608
(IN THOUSANDS)						
2009						
Financial assets at fair value through profit or loss	P2,159,819	-	-	-	-	P2,159,819
Loans and receivables	-	-	-	-	555,770	555,770
Accrued interest receivable	35,778	-	-	-	9,598	45,376
Cash in banks	24,685	-	-	-	-	24,685
	P2,220,282	-	-	-	P565,368	P2,785,650

BALANCED (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATIS- FACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	UNRATED	TOTAL
(IN THOUSANDS)						
2010						
Financial assets at fair value through profit or loss	P1,879,419	-	-	-	-	P1,879,419
Loans and receivables	-	-	-	-	50,000	50,000
Cash in banks	60,045	-	-	-	-	60,045
Accrued interest receivable	22,118	-	-	-	196	22,314
	P1,961,582	-	-	-	P50,196	P2,011,778
(IN THOUSANDS)						
2009						
Financial assets at fair value through profit or loss	P2,663,110	-	-	-	-	P2,663,110
Loans and receivables	-	-	-	-	75,000	75,000
Accrued interest receivable	34,789	-	-	-	572	35,361
Cash in banks	30,821	-	-	-	-	30,821
	P2,728,720	-	-	-	P75,572	P2,804,292

PHILIPPINE EQUITY (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATIS- FACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	UNRATED	TOTAL
(IN THOUSANDS)						
2010						
Financial assets at fair value through profit or loss	P568,790	-	-	-	-	P568,790
Cash in banks	71,757	-	-	-	-	71,757
Accrued interest receivable	98	-	-	-	-	98
	P640,645	-	-	-	-	P640,645

PHILIPPINE EQUITY (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATIS- FACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	UNRATED	TOTAL
(IN THOUSANDS)						
2009						
Financial assets at fair value through profit or loss	P544,589	-	-	-	-	P544,589
Accrued interest receivable	30,461	-	-	-	-	30,461
Cash in banks	2,867	-	-	-	-	2,867
	P577,917	-	-	-	-	P577,917

DOLLAR ADVANTAGE (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATIS- FACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	UNRATED	TOTAL
(IN THOUSANDS)						
2010						
Financial assets at fair value through profit or loss	\$16,457	-	-	-	-	\$16,457
Cash in banks	1,397	-	-	-	-	1,397
Accrued interest receivable	319	-	-	-	-	319
	\$18,173	-	-	-	-	\$18,173
(IN THOUSANDS)						
2009						
Financial assets at fair value through profit or loss	\$17,955	-	-	-	-	\$17,955
Accrued interest receivable	331	-	-	-	-	331
Cash in banks	198	-	-	-	-	198
	\$18,484	-	-	-	-	\$18,484

MONEY MARKET (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATIS- FACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	UNRATED	TOTAL
(IN THOUSANDS)						
2010						
Financial assets at fair value through profit or loss	P363,670	-	-	-	-	P363,670
Cash in banks	21,164	-	-	-	-	21,164
Accrued interest receivable	31	-	-	-	-	31
	P384,865	-	-	-	-	P384,865
(IN THOUSANDS)						
2009						
Financial assets at fair value through profit or loss	P293,700	-	-	-	-	P293,700
Accrued interest receivable	2,154	-	-	-	-	2,154
Cash in banks	222	-	-	-	-	222
	P296,076	-	-	-	-	P296,076

DOLLAR ABUNDANCE (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATIS- FACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	UNRATED	TOTAL
(IN THOUSANDS)						
2010						
Financial assets at fair value through profit or loss	\$11,119	-	-	-	-	\$11,119
Cash in banks	268	-	-	-	-	268
Accrued interest receivable	1,397	-	-	-	-	1,397
	\$11,573	-	-	-	-	\$11,573

DOLLAR ABUNDANCE (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATIS- FACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	UNRATED	TOTAL
(IN THOUSANDS)						
2009						
Financial assets at fair value through profit or loss	\$5,381	-	-	-	-	\$5,381
Accrued interest receivable	106	-	-	-	-	106
Cash in banks	148	-	-	-	-	148
	\$5,635	-	-	-	-	\$5,635

GS FUND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATIS- FACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	UNRATED	TOTAL
(IN THOUSANDS)						
2010						
Financial assets at fair value through profit or loss	P862,267	-	-	-	-	P862,267
Cash in banks	22,129	-	-	-	-	22,129
Accrued interest receivable	13,244	-	-	-	-	13,244
	P897,640	-	-	-	-	P897,640
(IN THOUSANDS)						
2009						
Financial assets at fair value through profit or loss	P180,304	-	-	-	-	P180,304
Accrued interest receivable	15,473	-	-	-	-	15,473
Cash in banks	3,318	-	-	-	-	3,318
	P199,095	-	-	-	-	P199,095

The Companies use internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

High Grade - applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Companies have excellent repayment experience.

Satisfactory Grade - applies to financial assets that are performing as expected, including loans and advances to small and medium sized entities and recently established businesses.

Acceptable Grade - applies to counterparties with risk profiles that are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category.

Low Grade - applies to risks that are neither past due nor expected to result in loss but where the Companies require a workout of the relationship unless an early reduction in risk is achievable.

Liquidity risk

Entities within the Sun Life Financial Group are required to have appropriate liquidity. This means having sufficient liquidity to be able to meet all obligations promptly under foreseeable adverse circumstances, while not having excessive liquidity. The Companies manage liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Companies maintain adequate highly liquid assets in the form of cash in banks and investment in special savings to assure necessary liquidity.

The following table details the Companies' remaining contractual maturity for its non-derivative financial liabilities. The table had been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Companies can be required to pay. The table includes both interest and principal cash flows.

The following table details the Companies expected maturity for its financial assets. The table had been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, except when the Companies anticipate that the cash flows will occur in a different period.

BOND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE-FIVE YEARS	FIVE + YEARS	TOTAL
(IN THOUSANDS)						
2010						
Non-interest bearing	-	P300,153	-	-	-	P300,153
Fixed interest rate instruments	7.51%	315,235	229,009	883,318	1,176,176	2,603,738
		615,388	229,009	883,318	1,176,176	2,903,891
(IN THOUSANDS)						
2009						
Non-interest bearing	-	P24,685	-	-	-	P24,685
Fixed interest rate instruments	10.02%	358,649	708,246	254,501	883,799	2,205,195
		383,334	708,246	254,501	883,799	2,229,880

BALANCED	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE-FIVE YEARS	FIVE + YEARS	TOTAL
(IN THOUSANDS)						
2010						
Non-interest bearing	-	P60,045	-	-	-	P60,045
Fixed interest rate instruments	5.71%	1,178,200	520,408	165,795	37,330	1,901,733
		1,238,245	520,408	165,795	37,330	1,961,778
(IN THOUSANDS)						
2009						
Non-interest bearing	-	P30,821	-	-	-	P30,821
Fixed interest rate instruments	6.96%	1,033,285	561,540	1,052,963	50,682	2,698,470
		1,064,106	561,540	1,052,963	50,682	2,729,291

EQUITY	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE-FIVE YEARS	FIVE + YEARS	TOTAL
(IN THOUSANDS)						
2010						
Non-interest bearing	-	P71,757	-	-	-	P71,757
Fixed interest rate instruments	1.49%	568,888	-	-	-	568,888
		640,645	-	-	-	640,645
(IN THOUSANDS)						
2009						
Non-interest bearing	-	P30,461	-	-	-	P30,461
Fixed interest rate instruments	6.10%	408,930	12,366	126,160	-	547,456
		439,391	12,366	126,160	-	577,917

GS FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE-FIVE YEARS	FIVE + YEARS	TOTAL
(IN THOUSANDS)						
2010						
Non-interest bearing	-	P22,129	-	-	-	P22,129
Fixed interest rate instruments	6.14%	63,716	-	10,387	327,417	401,520
		85,845	-	10,387	327,417	423,649
(IN THOUSANDS)						
2009						
Non-interest bearing	-	P15,474	-	-	-	P15,474
Fixed interest rate instruments	7.98%	50,943	-	47,497	85,181	183,621
		66,417	-	47,497	85,181	199,095

MONEY MARKET	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE-FIVE YEARS	FIVE + YEARS	TOTAL
(IN THOUSANDS)						
2010						
Non-interest bearing	-	P21,164	-	-	-	P21,164
Fixed interest rate instruments	1.48%	363,701	-	-	-	363,701
		384,865	-	-	-	384,865
(IN THOUSANDS)						
2009						
Non-interest bearing	-	P2,154	-	-	-	P2,154
Fixed interest rate instruments	2.46%	293,922	-	-	-	293,922
		296,076	-	-	-	296,076

DOLLAR ADVANTAGE	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE-FIVE YEARS	FIVE + YEARS	TOTAL
(IN THOUSANDS)						
2010						
Non-interest bearing	-	\$1,397	-	-	-	\$1,397
Fixed interest rate instruments	6.16%	3,089	174	1,979	11,534	16,776
		4,486	174	1,979	11,534	18,173
(IN THOUSANDS)						
2009						
Non-interest bearing	-	\$197	-	-	-	\$197
Fixed interest rate instruments	6.54%	5,941	790	4,290	7,265	18,286
		6,138	790	4,290	7,265	18,483

DOLLAR ABUNDANCE	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE-FIVE YEARS	FIVE + YEARS	TOTAL
(IN THOUSANDS)						
2010						
Non-interest bearing	-	\$268	-	-	-	\$268
Fixed interest rate instruments	5.96%	2,426	96	234	8,549	11,305
		2,694	96	234	8,549	11,573
(IN THOUSANDS)						
2009						
Non-interest bearing	-	\$148	-	-	-	\$148
Fixed interest rate instruments	6.74%	711	106	232	4,438	5,487
		859	106	232	4,438	5,635

EQUITY	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	TOTAL
(IN THOUSANDS)			
2010			
Non-interest bearing	P66,258	P44,559	P110,817
2009			
Non-interest bearing	P 7,524	P 1,680	P 9,204

DOLLAR ADVANTAGE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	TOTAL
(IN THOUSANDS)			
2010			
Non-interest bearing	\$34	\$56	\$90
2009			
Non-interest bearing	\$30	\$10	\$40

The Companies expect to meet its obligations from operating cash flows and proceeds of maturing financial assets.

BOND	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	TOTAL
(IN THOUSANDS)			
2010			
Non-interest bearing	P5,405	P326	P5,731
2009			
Non-interest bearing	P3,730	P593	P4,323

MONEY MARKET	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	TOTAL
(IN THOUSANDS)			
2010			
Non-interest bearing	P391	P5,144	P5,535
2009			
Non-interest bearing	P256	P80	P336

BALANCED	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	TOTAL
(IN THOUSANDS)			
2010			
Non-interest bearing	P99,141	P6,114	P105,255
2009			
Non-interest bearing	P14,010	P4,015	P 18,025

DOLLAR ABUNDANCE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	TOTAL
(IN THOUSANDS)			
2010			
Non-interest bearing	\$16	\$78	\$94
2009			
Non-interest bearing	\$18	\$4	\$22

GS FUND	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	TOTAL
(IN THOUSANDS)			
2010			
Non-interest bearing	P1,485	P83	P1,568
2009			
Non-interest bearing	P 308	P74	P 382

7. CAPITAL RISK MANAGEMENT

The Companies manage its capital to ensure that the Companies will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the mix of high-quality debt and equity securities from domestic issuers.

The Companies are guided by its Investment Policies and Legal Limitations. All the proceeds from the sale of shares, including the original subscription payments at the time of incorporation constituting the paid-in capital, is held by the pertinent custodian banks.

The capital structures of the Companies consist of issued capital as disclosed in Note 15.

The Companies manage Capital and Net Assets Value per Share (NAVPS), as disclosed in Notes 15, 16 and 17 to ensure that the Companies' net assets value remains competitive and appealing to prospective investors.

The Companies are governed by the following fundamental investment policies:

- a. It does not issue senior securities.
- b. It does not intend to incur any debt or borrow-ing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borro-wings.
- c. It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital.
- d. It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects.
- e. It does not invest directly in real estate properties and developments.
- f. It does not purchase or sell commodity futures contracts.
- g. It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Companies and any affiliates, or affiliated corporations of the Companies.
- h. The asset mix in each type of security is determined from time to time, as warranted by economic and invest-ment conditions.
- i. It does not change its investment objectives without the prior approval of a majority of its shareholders.

As of December 31, 2010 and 2009, the Companies is in compliance with the minimum equity requirement of the SEC of P50 million.

The equity ratios at the yearend are as follows:

	BOND		BALANCED		PHILIPPINE EQUITY		MONEY MARKET	
	2010	2009	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP	PHP	PHP
Equity	3,290,752,365	2,778,824,442	8,528,831,793	7,630,577,686	4,865,527,241	3,049,059,437	378,568,396	294,988,113
Total Assets	3,297,455,837	2,785,649,942	8,654,434,921	7,676,813,230	4,988,157,588	3,068,938,574	384,865,620	296,075,938
Equity Ratio	0.99:1	0.99:1	0.98:1	0.99:1	0.98:1	0.99:1	0.98:1	0.99:1

	GS		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	USD	USD	USD	USD
Equity	895,908,220	198,675,546	20,724,766	18,849,682	11,454,808	5,598,513
Total Assets	897,659,573	199,095,044	20,900,834	19,000,444	11,572,987	5,635,216
Equity Ratio	0.99:1	0.99:1	0.99:1	0.99:1	0.98:1	0.99:1

Management believes that the above ratios are within the acceptable range.

The Companies' strategy has remained unchanged since 2009.

8. CASH IN BANKS

Cash earned an average interest of 0.50% during 2010 and 2009, for peso mutual fund companies and 0.25% and 0.30% in 2010 and 2009 respectively for dollar mutual fund companies as disclosed in Note 18.

9. ACCRUED INTEREST RECEIVABLE

	BOND		BALANCED		PHILIPPINE EQUITY	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
Treasury Notes	43,945,760	35,588,952	11,174,415	34,114,136	-	2,617,423
Special Savings	26,271	188,944	211,912	674,547	98,297	249,560
Corporate Loans	7,161,348	9,598,306	195,961	572,298	-	-
Treasury Bills	-	-	10,731,930	-	-	-
	51,133,379	45,376,202	22,314,218	35,360,981	98,297	2,866,983

	MONEY MARKET		GS FUND	
	2010	2009	2010	2009
	PHP	PHP	PHP	PHP
Treasury Notes	-	-	13,239,063	3,312,285
Special Savings	31,390	222,169	4,315	5,506
Treasury Bills	-	-	-	-
	31,390	222,169	13,243,378	3,317,791

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2010	2009	2010	2009
	USD	USD	USD	USD
Treasury Notes	319,354	331,356	186,479	105,805
Special Savings	4	52	12	7
Treasury Bills	319,358	331,408	186,491	105,812
	31,390	222,169	13,243,378	3,317,791

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Components of fair value through profit or loss are shown below:

	BOND		BALANCED	
	2010	2009	2010	2009
	PHP	PHP	PHP	PHP
Investments in Listed Equity Securities	-	-	6,640,461,346	4,869,703,353
Treasury Notes	2,263,533,442	1,801,359,183	513,758,118	1,630,499,511
Treasury Bills	-	-	337,191,116	-
Special Savings	291,470,000	358,460,000	1,028,470,000	1,032,610,000
	2,555,003,442	2,159,819,183	8,519,880,580	7,532,812,864

	EQUITY		MONEY MARKET	
	2010	2009	2010	2009
	PHP	PHP	PHP	PHP
Investment in Listed Equity Securities	4,334,798,503	2,489,565,763	-	-
Special Savings	568,790,000	408,680,000	363,670,000	293,700,000
Treasury Notes	-	135,908,596	-	-
	4,903,588,503	3,034,154,359	363,670,000	293,700,000

	GS		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	USD	USD	USD	USD
Investment in Listed Equity Securities	-	-	2,728,140	516,180	-	-
Special Savings	60,860,000	27,530,000	2,944,100	12,013,424	2,336,000	711,200
Treasury Notes	801,407,393	152,773,633	13,512,682	5,941,940	8,782,760	4,669,756
	862,267,393	180,303,633	19,184,922	18,471,544	11,118,760	5,380,956

The movements are summarized as follows:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
Balance, Beginning	2,159,819,183	1,631,115,528	7,532,812,864	P6,527,612,463	3,034,154,359	1,957,197,044
Net Disposals/Purchases	358,045,118	559,761,250	(253,477,709)	(154,792,444)	1,151,120,194	250,292,456
Amortization of premium	(35,979,049)	(23,531,295)	(13,714,013)	(25,714,451)	(52,590)	(1,081,904)
Unrealized fair value gains (losses)	73,118,190	(7,526,300)	1,254,259,438	1,185,707,296	718,366,540	827,746,763
	2,555,003,442	2,159,819,183	8,519,880,580	7,532,812,864	4,903,588,503	3,034,154,359

	MONEY MARKET		GS FUND	
	2010	2009	2010	2009
	PHP	PHP	PHP	PHP
Balance, Beginning	293,700,000	478,196,533	180,303,633	71,237,080
Net Disposals/ Purchases	69,970,000	(184,496,533)	655,974,758	106,624,547
Amortization of premium	-	-	(4,835,764)	(1,326,487)
Unrealized fair value gains (losses)	-	-	30,824,766	3,768,493
	363,670,000	293,700,000	862,267,393	180,303,633

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2010	2009	2010	2009
	USD	USD	USD	USD
Balance, Beginning	18,471,544	16,586,385	5,380,956	2,471,400
Net Disposals/ Purchases	547,257	601,200	5,589,277	2,604,732
Amortization of premium	(121,130)	(99,708)	(61,457)	(20,373)
Unrealized fair value gains (losses)	287,251	1,383,667	209,984	325,197
	19,184,922	18,471,544	11,118,760	5,380,956

Net fair value gain (loss) recognized in the statements of comprehensive income under the "Net Unrealized Gain (Loss) on Investments" account amounted to as follows:

NET UNREALIZED GAIN (LOSS) ON INVESTMENTS	2010	2009
Bond Fund	P73,118,190	P7,526,300
Balanced Fund	P1,254,259,438	P1,185,707,296
Philippine Equity Fund	P718,366,540	P827,746,263
GS Fund	P30,824,766	P3,768,493
Dollar Advantage Fund	\$287,251	\$1,383,667
Dollar Abundance Fund	\$209,984	\$325,197

The following presents the breakdown of financial assets at fair value through profit or loss by contractual maturity dates:

	BOND FUND		BALANCED FUND		PHILIPPINE EQUITY FUND	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
Due in one year or less	495,509,440	1,021,519,574	1,676,293,604	1,559,464,185	568,790,000	418,428,596
Due after one year through five years	883,317,582	254,501,060	165,795,000	1,052,963,578	-	126,160,000
Due after five year through ten years	972,980,711	808,949,871	1,461,210	19,411,868	-	-
Due after ten years	203,195,709	74,848,678	35,869,420	31,269,880	-	-
	2,555,003,442	2,159,819,183	1,879,419,234	P2,663,109,511	568,790,000	544,588,596

	GS FUND		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	USD	USD	USD	USD
Due in one year or less	60,860,000	47,625,200	18,471,544	6,400,607	2,336,000	711,200
Due after one year through five years	474,856,273	47,497,103	547,257	4,290,250	233,750	231,875
Due after five year through ten years	273,352,620	72,863,830	(121,130)	3,741,289	4,497,291	1,798,192
Due after ten years	53,198,500	12,317,500	287,251	3,523,218	4,051,719	2,639,689
	862,267,393	180,303,633	19,184,922	17,955,364	11,118,760	5,380,956

Investments in listed equity securities of Balanced, Philippine Equity and Dollar Advantage Funds consist of:

BALANCED	2010		2009	
	Number of Shares Held	Market Value	Number of Shares Held	Market Value
		PHP		PHP
Aboitiz Power Corporation	20,400,750	634,463,325	-	-
DMCI Holdings Inc	14,650,400	527,414,400	14,838,300	143,931,510
Ayala Land Inc	27,606,320	454,400,027	23,751,920	267,209,100
Phil Long Distance Telephone Co.	173,034	441,928,836	287,684	753,732,080
Intl Container Terminal Services	8,077,850	363,503,250	5,455,450	122,747,625
Metropolitan Bank & Trust Company	4,665,860	335,941,920	6,238,300	280,723,500
SM Investments Corp.	580,078	314,982,354	841,548	273,503,100
First Phil Holdings Corp	4,925,390	308,329,414	1,786,620	85,757,760
Ayala Corporation	764,966	301,396,604	1,672,276	505,863,490
Banco de Oro Universal Bank	4,478,928	262,017,288	4,756,258	185,494,062
SM Prime Holdings Inc	19,128,972	217,687,701	26,673,472	261,400,026
Security Bank Corp., Inc.	2,483,389	212,950,607	4,456,389	240,645,006
PNOC Energy Development Corp.	35,947,025	211,009,037	48,128,125	226,202,187
Aboitiz Equity Ventures, Inc	5,119,600	189,937,160	1,000	9,000
SM Development Corporation	20,511,000	184,599,000	-	-
Alliance Global Group Inc	14,336,000	179,200,000	-	-
Bank of the Phil Islands	2,958,292	174,539,228	9,479,948	455,037,504
JG Summit Holdings Inc	8,657,000	169,677,200	355,500	2,346,300
Megaworld Properties & Holdings	64,405,400	159,725,392	30,350,000	44,918,000
Lopez Holdings Corporation	27,476,500	145,900,215	-	-
Cebu Holdings Inc	37,402,000	100,985,400	37,402,000	93,505,000
Metro Pacific Investments Corporation	23,607,000	91,831,230	-	-
Nickel Asia Corporation	5,573,120	90,841,856	-	-
Digital Telecommunications Phils	59,741,000	88,416,680	-	-
Universal Robina Corporation	2,246,000	78,497,700	1,892,300	30,749,875
Philippine National Bank	1,183,000	75,120,500	-	-
Jollibee Foods Corp.	828,370	73,642,093	1,314,150	72,278,250
Globe Telecom, Inc.	70,275	56,220,000	239,715	219,339,225
Semirara Mining Corp	223,940	41,428,900	-	-

First General Corporation	3,174,532	38,665,800	766,775	7,437,718
Belle Corporation	7,010,000	32,246,000	-	-
Robinsons Land Inc	1,697,850	27,674,955	10,360,000	134,680,000
Filinvest Development Corporation	5,311,500	26,823,075	-	-
Filinvest Land, Inc.	14,409,250	18,876,117	39,026,250	35,123,625
Manila Water Company, Inc.	499,900	9,588,082	12,178,400	191,809,800
GMA Holdings, Inc.	-	-	16,527,000	133,868,700
Philex Mining Corporation	-	-	4,369,150	69,906,400
ABS-CBN Phils. Depository Receipt	-	-	619,400	17,962,600
Manila Electric Company "B"	-	-	62,072	12,724,760
GMA Network, Inc.	-	-	3,000	23,400
Ironics Circuits Inc	-	-	15,000	19,500
Manulife	-	-	480	369,600
San Miguel Corporation	-	-	1,100	75,350
Benpres Holdings Corp.	-	-	1,000	3,500
San Miguel Corporation "B"	-	-	1,000	69,000
Union Bank of the Phils	-	-	6,400	236,800
	450,324,491	P6,640,461,346	303,857,982	P4,869,703,353

Balanced Fund recognized dividend income amounting to P186,975,531 and P143,833,648 in 2010 and 2009, respectively, from investments in listed equity securities.

EQUITY	2010		2009	
	Number of Shares Held	Market Value	Number of Shares Held	Market Value
		PHP		PHP
Aboitiz Power Corporation	13,386,950	416,334,145	-	-
DMCI Holdings Inc.	9,516,220	342,583,920	5,993,300	58,135,010
Ayala Land Inc.	16,965,160	279,246,534	16,342,860	183,857,175
Intl. Container Terminal Services	6,147,550	276,639,750	2,562,150	57,648,375
SM Investments Corp.	430,386	233,699,598	388,186	126,160,450
Metropolitan Bank & Trust Company	3,216,230	231,568,560	2,854,400	128,448,000
Ayala Corporation	514,890	202,866,660	599,020	181,203,550

Phil. Long Distance Telephone Co. (PLDT)	77,896	198,946,384	116,686	305,717,320
Banco de Oro Universal Bank	3,272,848	191,461,608	2,929,248	114,240,672
PNOG Energy Development Corp.	28,127,975	165,111,213	30,939,375	145,415,063
Nickel Asia Corporation	10,000,000	163,000,000	-	-
First Phil. Holdings Corp.	2,489,750	155,858,350	965,540	46,345,920
Aboitiz Equity Ventures, Inc.	3,544,000	131,482,400	2,005,000	18,045,000
SM Prime Holdings Inc.	11,455,525	130,363,875	11,933,325	116,946,585
Security Bank Corp., Inc.	1,406,659	120,621,009	1,534,459	82,860,786
JG Summit Holdings Inc.	5,698,400	111,688,640	232,500	1,534,500
Bank of the Phil. Islands	1,869,990	110,329,410	4,247,190	203,865,120
Alliance Global Group Inc.	8,587,000	107,337,500	-	-
SM Development Corporation	11,599,466	104,395,194	-	-
Megaworld Properties & Holdings	40,025,600	99,263,488	56,834,000	84,114,320
Lopez Holdings Corporation	15,423,000	81,896,130	-	-
Metro Pacific Investments Corporation	15,357,000	59,738,730	-	-
Universal Robina Corporation	1,548,800	54,130,560	3,225,900	52,420,875
Jollibee Foods Corp.	583,260	51,851,814	1,118,650	61,525,750
Philippine National Bank	801,400	50,888,900	-	-
Digital Telecommunications Phils.	29,824,000	44,139,520	-	-
Semirara Mining Corp.	202,000	37,370,000	-	-
Cebu Holdings Inc.	12,171,000	32,861,700	12,171,000	30,427,500
Globe Telecom, Inc.	40,867	32,693,600	106,917	97,829,055
First General Corporation	2,330,292	28,382,956	1,733,125	16,811,312
Robinsons Land Inc.	1,195,700	19,489,910	5,140,000	66,820,000
Manila Water Company, Inc.	1,007,000	19,314,260	5,417,300	85,322,475
Filinvest Land, Inc.	12,335,000	16,158,850	33,589,000	30,230,100
Belle Corporation	3,990,000	18,354,000	-	-
Filinvest Development Corporation	2,916,700	14,729,335	-	-
ABS-CBN Phils. Depository Receipt	-	-	1,209,700	35,081,300
Benpres Holdings Corp.	-	-	1,000	3,500
Ginebra San Miguel, Inc.	-	-	200	4,350
GMA Holdings, Inc.	-	-	8,728,000	70,696,800
GMA Network, Inc.	-	-	1,000	7,800

Ionic Circuits Inc.	-	-	8,500	11,050
Manila Electric Company "B"	-	-	46,230	9,477,150
Manulife	-	-	140	107,800
Philex Mining Corporation	-	-	4,866,475	77,863,600
San Miguel Corporation	-	-	2,400	164,400
San Miguel Corporation "B"	-	-	2,000	138,000
Union Bank of the Phils.	-	-	2,300	85,100
	278,058,514	P4,334,798,503	217,847,076	P2,489,565,763

Philippine Equity Fund recognized dividend income amounting to P89,604,842 and P66,241,999 in 2010 and 2009, respectively, from investments in listed equity securities.

DOLLAR ADVANTAGE	2010		2009	
	Number of Shares Held	Market Value	Number of Shares Held	Market Value
	USD		USD	
Franklin Mutual Global Discovery Fund "A"	79,679	1,066,902	42,000	516,180
MFS Meridian Global Equity Fund	37,622	1,038,739	-	-
BGF Global Dynamic Equity USD A2	50,000	622,500	-	-
	167,301	2,728,141	42,000	516,180

11. DUE FROM/TO BROKER

Due from broker account refers to amounts receivable from the broker arising from the sale of investments processed on or before reporting period, which are settled three (3) days after the transaction date. Due to broker account pertains to amounts payable to the broker for the purchase of investments, which are settled three (3) days after the transaction date.

12. LOANS AND RECEIVABLES

Bond

Loans and receivables pertain to amortized costs of corporate loans which bear an average annual interest of 7.29% and 8.27% in 2010 and 2009, respectively, with maturity ranging from less than one (1) year to one (1) year through five (5) years in 2010 and 2009.

Balanced

Loans and receivables pertain to amortized costs of corporate loans which bear an average annual interest of 9.60% and 9.91% in 2010 and 2009, respectively, with maturity ranging from less than one (1) year to one (1) through five (5) years.

The movements in loans and receivables are summarized as follows:

	BOND		BALANCED	
	2010	2009	2010	2009
	PHP	PHP	PHP	PHP
Balance, Beginning	P555,769,642	P811,610,267	P75,000,000	P75,360,000
Pretermination	(165,000,000.00)	(175,000,000.00)	(25,000,000.00)	-
Maturities	-	(80,420,000.00)	-	(360,000.00)
Amortization of principal - net	(451,728.00)	(420,625.00)	-	-
Balance, end	P390,317,914	P555,769,642	P50,000,000	P75,000,000

13. ACCRUED EXPENSES

	BOND		BALANCED		PHILIPPINE EQUITY	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
Documentary stamp tax	297,558	262,992	176,830	18,953,471	354,752	7,463,142
Due to investors	16,553	314,916	5,382,863	2,771,790	44,077,849	1,208,844
Custodian fees	85,904	45,395	576,296	1,083,937	388,582	362,863
Withholding taxes	416,620	299,498	1,350,238	1,003,171	690,780	389,729
Professional fees	223,191	233,061	154,658	159,429	92,365	108,735
Due to brokers	-	-	79,879,537	-	-	-
Others	258,545	107,257	18,777,561	8,253,428	10,732,850	2,821,763
	1,298,371	1,263,119	106,297,983	32,225,226	56,337,178	12,355,076

	MONEY MARKET FUND		GS FUND	
	2010	2009	2010	2009
	PHP	PHP	PHP	PHP
Due to investors	5,073,859	-	-	-
Withholding taxes	29,682	20,797	87,466	22,344
Professional fees	69,989	75,142	65,293	70,008
Transfer fees	-	-	-	-
Documentary stamp tax	13,448	78,003	25,861	872
Custodian fees	-	4,853	17,980	4,261

	MONEY MARKET FUND		GS FUND	
	2010	2009	2010	2009
	USD	USD	USD	USD
Subscriptions	-	-	-	-
Others	719,520	653,290	70,085	13,883
	5,906,498	832,085	266,685	111,368

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2010	2009	2010	2009
	USD	USD	USD	USD
Due to investors	43,200	-	75,501	2,106
Withholding taxes	3,045	1,072	3,844	598
Professional fees	5,508	5,042	2,251	1,932
Custodianship fees	7,378	4,834	506	71
Documentary stamp tax	199	-	309	-
Subscriptions	-	-	-	-
Others	55,842	56,921	278	1,024
	115,172	67,869	82,689	5,731

Due to investors account pertains to amount payable to investors for redemption of investments processed on or before the reporting period, which are usually paid two (2) days after the transaction date.

Due to brokers account pertains to purchase of investments processed on or before reporting period, which are settled three (3) days after the transaction date.

Others comprise of expenses related to the increase in authorized capital stock and printing and supplies accruals.

14. RELATED PARTY TRANSACTIONS

Transactions with related parties include the following:

a. Investment Management

The Companies appointed SLAMCI, an investment management Companies incorporated in the Philippines and a wholly-owned subsidiary of SLOCPI, as its fund manager, adviser, administrator, distributor and transfer agent and provides management, distribution and all required operational services, as disclosed in Note 1.

Management fees charged by SLAMCI to the Companies in 2010 and 2009 included in profit or loss under "Investment management fees" account are shown in the table below. The table likewise shows the accrued management fees as of December 31, 2010 and 2009 as shown under "Payable to fund manager" accounts in the statements of financial position, and the carrying amount approximates fair value which are usually paid to SLAMCI on or before 15th day of the following month. The amounts outstanding are unsecured and will be settled in cash.

	MANAGEMENT FEE EXPENSES		ACCRUED MANAGEMENT FEE	
	2010	2009	2010	2009
Bond Fund	P52,782,376	P43,783,536	P5,405,101	P3,730,361
Balanced Fund	P185,318,728	P156,924,620	P19,261,427	P14,010,318
Philippine Equity Fund	P86,649,990	P54,388,839	P10,415,598	P7,524,061
Money Market Fund	P3,711,649	P3,984,761	P390,532	P255,694
GS Fund	P6,475,578	P1,878,496	P1,484,668	P308,130
Dollar Advantage Fund	\$347,561	\$298,748	\$33,713	\$30,252
Dollar Abundance Fund	\$132,868	\$58,084	\$16,482	\$17,708

b. Remuneration of Directors

The remuneration of the directors who are key management personnel of the Companies pertains to short-term benefits as follows. These are presented in the profit or loss under "Directors' fees" account which are usually paid to Directors based on the meetings held and attended.

	DIRECTORS' FEES	
	2010	2009
Bond Fund	P140,000	P160,000
Balanced Fund	P240,000	P240,000
Philippine Equity Fund	P240,000	P240,000
Money Market Fund	P140,000	P160,000
GS Fund	P160,000	P160,000
Dollar Advantage Fund	\$3,650	\$3,478
Dollar Abundance Fund	\$3,650	\$3,478

c. Shares of Stock

	NUMBER OF SHARES	% OF NET ASSETS	
		2010	2009
Bond Fund	49,999,496	3.37%	3.70%
Balanced Fund	53,059,866	1.64%	1.40%
Philippine Equity Fund	53,059,866	2.85%	3.22%
Money Market Fund	52,699,260	15.63%	19.90%
GS Fund	54,121,600	7.97%	32.40%
Dollar Advantage Fund	519,573	6.74%	7.08%
Dollar Abundance Fund	530,596	11.71%	22.34%

15. CAPITAL STOCK

BOND	2010		2009	
	PHP	SHARES	PHP	SHARES
Authorized:				
3,800,000,000 common shares at Php 1.00 par value	3,800,000,000	3,800,000,000	3,800,000,000	3,800,000,000
Issued and fully paid:				
At January 1,	3,730,399,542	3,730,399,542	3,700,136,121	3,700,136,121
Issuances during the year	483,762,906	483,762,906	431,799,449	431,799,449
Redemptions during the year	(483,762,906)	(483,762,906)	(401,536,028)	(401,536,028)
At December 31	3,730,399,542	3,730,399,542	3,730,399,542	3,730,399,542

BALANCED	2010		2009	
	PHP	SHARES	PHP	SHARES
Authorized:				
4,000,000,000 common shares at P0.01 par value	40,000,000	40,000,000	40,000,000	40,000,000
Issued and fully paid:				
At January 1,	2,000,000	200,000,000	P200,000,000	200,000,000
Issuances during the year	43,278,649	4,327,864,910	681,077,717	681,077,717
Redemptions during the year	(12,158,996)	(1,215,899,617)	(681,077,717)	(681,077,717)
At December 31	33,119,653	3,311,965,293	200,000,000	200,000,000
Deposit for future stock subscriptions, January 1	6,976,705,988	3,592,057,696	7,402,944,367	3,777,166,535
Issuances (redemptions)	(6,976,705,988)	(3,592,057,696)	(426,238,379)	(185,108,839)
Deposit for future stock subscriptions, December 31	-	-	6,976,705,988	3,592,057,696

EQUITY	2010		2009	
	PHP	SHARES	PHP	SHARES
Authorized:				
1,200,000,000 common shares at P0.01 par value	12,000,000	12,000,000	12,000,000	12,000,000
Issued and fully paid:				
At January 1,	2,000,000	200,000,000	P200,000,000	200,000,000
Issuances during the year	24,490,427	2,449,042,692	603,840,964	603,840,964
Redemptions during the year	(14,490,427)	(1,449,042,692)	(603,840,964)	(603,840,964)
At December 31	12,000,000	1,200,000,000	200,000,000	200,000,000
Deposit for future stock subscriptions, January 1	2,560,902,206	1,449,012,530	2,377,616,531	1,320,420,367
Issuances (redemptions)	(840,760,801)	(785,829,523)	183,285,675	128,592,163
Deposit for future stock subscriptions, December 31	1,720,141,405	663,183,007	2,560,902,206	1,449,012,530

GS FUND	2010		2009	
	PHP	SHARES	PHP	SHARES
Authorized:				
200,000,000 common shares at P0.01 par value	2,000,000	200,000,000	2,000,000	200,000,000
Issued and fully paid:				
At January 1,	1,695,015	169,501,465	1,058,261	105,826,050
Issuances during the year	2,957,364	295,736,422	1,476,004	147,600,419
Redemptions during the year	(2,652,379)	(265,237,887)	(862,653)	(86,265,340)
Stock dividend declaration	-	-	23,403	2,340,336
At December 31	2,000,000	200,000,000	1,695,015	169,501,465
Deposit for future stock subscriptions, January 1	-	-	-	-
Issuances (redemptions)	622,139,723	479,079,889	-	-
Deposit for future stock subscriptions, December 31	622,139,723	479,079,889	-	-

MONEY MARKET	2010		2009	
	PHP	SHARES	PHP	SHARES
Authorized:				
at P0.01 par value	4,000,000	400,000,000	1,000,000	100,000,000
Issued and fully paid:				
At January 1,	1,000,000	100,000,000	P1,000,000	100,000,000
Issuances during the year	9,564,759	956,475,903	6,199,153	619,915,334
Redemptions during the year	(9,564,759)	(956,475,903)	(6,199,153)	(619,915,334)
At December 31	1,000,000	100,000,000	1,000,000	100,000,000
Deposit for future stock subscriptions, January 1	149,207,476	164,778,978	406,539,346	380,830,650
Issuances (redemptions)	116,597,327	72,401,966	(257,331,870)	(216,051,672)
Deposit for future stock subscriptions, December 31	265,804,803	237,180,944	149,207,476	164,778,978

DOLLAR ADVANTAGE	2010		2009	
	USD	SHARES	USD	SHARES
Authorized:				
6,200,000 common shares at P1.00 par value	6,200,000	6,200,000	6,200,000	6,200,000
Issued and fully paid:				
At January 1,	124,000	6,200,000	124,000	6,200,000
Issuances during the year	23,290	1,164,509	21,089	1,054,426
Redemptions during the year	(23,290)	(1,164,509)	(21,089)	(1,054,426)
At December 31	124,000	6,200,000	124,000	6,200,000
Deposit for future stock subscriptions, January 1	3,686,884	1,145,559	3,288,621	1,114,119
Issuances (redemptions)	370,846	370,550	398,263	31,440
Deposit for future stock subscriptions, December 31	4,057,730	1,516,109	3,686,884	1,145,559

DOLLAR ABUNDANCE	2010		2009	
	USD	SHARES	USD	SHARES
Authorized:				
2,000,000 common shares at P1.00 par value	2,000,000.00	2,000,000	2,000,000.00	2,000,000
Issued and fully paid:				
At January 1,	40,000	2,000,000	32,637	1,631,870
Issuances during the year	21,288	1,064,417	20,047	1,002,341
Redemptions during the year	(21,288)	(1,064,417)	(12,684)	(634,211)
At December 31	40,000	2,000,000	40,000	2,000,000
Deposit for future stock subscriptions, January 1	878,739	375,518	-	-
Issuances (redemptions)	5,573,312	2,154,468	878,739	375,518
Deposit for future stock subscriptions, December 31	6,452,051	2,529,986	878,739	375,518

EQUITY	2010		2009	
	PHP	SHARES	PHP	SHARES
Balance, beginning	516	279	30,047	23,314
Acquired in the period	2,957,668,419	1,449,168,122	985,716,028	603,817,929
Reissuance	(2,957,340,646)	(1,449,042,692)	(985,745,559)	(603,840,964)
Balance, end	328,289	125,709	516	279

MONEY MARKET	2010		2009	
	PHP	SHARES	PHP	SHARES
Balance, beginning	303	271	449	408
Acquired in the period	1,070,933,035	956,477,705	667,649,137	619,915,197
Reissuance	(1,070,931,010)	(956,475,903)	(667,649,283)	(619,915,334)
Balance, end	2,328	2,073	303	271

Treasury Stock

BOND	2010		2009	
	PHP	SHARES	PHP	SHARES
Balance, beginning	4,528,986,113	2,379,267,498	4,557,581,151	2,417,873,028
Acquired in the period	750,147,040	351,462,003	712,621,360	362,930,498
Reissuance	(900,825,838)	(483,762,906)	(741,216,398)	(401,536,028)
Balance, end	4,378,307,315	2,246,966,595	4,528,986,113	2,379,267,498

GS FUND	2010		2009	
	PHP	SHARES	PHP	SHARES
Balance, beginning	2,924,669	2,459,358	44,830,700	40,865,600
Acquired in the period	321,748,163	262,780,073	54,818,673	47,859,098
Reissuance	(324,670,795)	(265,237,887)	(96,724,704)	(86,265,340)
Balance, end	2,037	1,544	2,924,669	2,459,358

BALANCED	2010		2009	
	PHP	SHARES	PHP	SHARES
Balance, beginning	2,751	1,367	7,036	4,256
Acquired in the period	2,974,863,631	1,285,564,252	1,227,037,210	681,074,828
Reissuance	(2,793,005,917)	(1,215,899,617)	(1,227,041,495)	(681,077,717)
Balance, end	181,860,465	69,666,002	2,751	1,367

DOLLAR ADVANTAGE	2010		2009	
	USD	SHARES	USD	SHARES
Balance, beginning	5,650	2,209	1,178	506
Acquired in the period	2,748,514	1,167,605	2,587,339	1,056,129
Reissuance	(2,739,910)	(1,164,509)	(2,582,867)	(1,054,426)
Balance, end	14,254	5,305	5,650	2,209

DOLLAR ABUNDANCE	2010		2009	
	USD	SHARES	USD	SHARES
Balance, beginning	2,193	929	864,519	401,656
Acquired in the period	1,430,752	1,063,999	274,439	233,484
Reissuance	(1,431,651)	(1,064,417)	(1,136,765)	(634,211)
Balance, end	1,294	511	2,193	929

16. ADDITIONAL PAID CAPITAL

The Companies' additional paid in capital pertains to excess payments from investors over par value are shown in table below:

ADDITIONAL PAID IN CAPITAL	2010	2009
Bond Fund	P1,526,167,159	P1,388,237,305
Balanced Fund	P6,568,293,334	P683,215,598
Philippine Equity Fund	P1,852,908,794	P458,368,292
Money Market Fund	P107,497,992	P143,349,464
GS Fund	P220,568,462	P187,946,098
Dollar Advantage Fund	\$14,362,189	\$13,700,229
Dollar Abundance Fund	\$4,227,600	\$4,273,735

17. NET ASSET VALUE PER SHARE

In accordance with the Companies' valuation policy, fixed-income securities with quoted market prices and listed equity securities are valued at bid and last closing prices, respectively, for the purpose of determining the NAVPS for share subscriptions and redemptions.

Redeemable shares carry one vote each, and subject to the following:

a. Distribution of dividends

Each shareholder has a right to any dividends declared by the Companies' Board of Directors and approved by 2/3 of its outstanding shareholders of the Companies.

b. Denial of pre-emptive rights

No stockholder shall, because of his ownership of the stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of stock or of any other securities convertible into or carrying options or warrants to purchase stock of the registrant.

c. Right of redemption

The holder of any share of the registrant upon its presentation to the Companies or to any of its duly authorized representatives, is entitled to receive, by way of redemption, approximately his proportionate share of the Companies'

current net assets or the cash equivalent thereof. Shares are redeemable at any time at their net assets value less any applicable sales charges and taxes.

NAVPS is computed as follows:

BOND	2010	2009
	PHP	PHP
Total Equity	3,290,752,365	2,778,824,442
Outstanding Shares	1,483,432,947	1,351,132,044
NAVPS	2.2183	2.0567

BALANCED	2010	2009
	PHP	PHP
Total Equity	8,528,831,793	7,630,577,686
Issued and fully paid shares	3,242,299,291	199,998,633
Deposit for future stock subscriptions	-	3,592,057,696
	3,242,299,291	3,792,056,329
NAVPS	2.6305	2.0123

EQUITY	2010	2009
	PHP	PHP
Total Equity	4,865,527,241	3,049,059,437
Issued and fully paid shares	1,199,874,291	199,999,721
Deposit for future stock subscriptions	663,183,007	1,449,012,530
	1,863,057,298	1,649,012,251
NAVPS	2.6116	1.8490

MONEY MARKET	2010	2009
	PHP	PHP
Total Equity	378,568,396	294,988,113
Issued and fully paid shares	99,997,927	99,999,729
Deposit for future stock subscriptions	237,180,944	164,778,978
	337,178,871	264,778,707
NAVPS	1.1228	1.1141

GS FUND	2010	2009
	PHP	PHP
Total Equity	895,908,220	198,675,546
Issued and fully paid shares	199,998,456	167,042,107
Deposit for future stock subscriptions	479,079,889	-
	679,078,345	167,042,107.00
NAVPS	1.3193	1.1894

DOLLAR ADVANTAGE	2010	2009
	USD	USD
Total Equity	20,724,766	18,849,682
Issued and fully paid shares	6,194,695	6,197,791
Deposit for future stock subscriptions	1,516,109	1,145,559
	7,710,804	7,343,350
NAVPS	2.6878	2.5669

DOLLAR ABUNDANCE	2010	2009
	USD	USD
Total Equity	11,454,808	5,598,513
Issued and fully paid shares	1,999,489	1,999,071
Deposit for future stock subscriptions	2,529,986	375,518
	4,529,475	2,374,589
NAVPS	2.5289	2.3577

NAVPS is based on outstanding shares plus deposits for future stock subscription, if any. Issued and fully paid shares and deposit for future subscriptions are shown as follows:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2010	2009	2010	2009	2010	2009
Balance, January 1	1,351,132,044	1,282,263,093	199,998,633	199,995,744	199,999,721	199,976,686
Issuances	483,762,906	431,799,449	4,327,864,910	681,077,717	2,449,042,692	603,840,964
Redemptions	(351,462,003)	(362,930,498)	(1,285,564,252)	(681,074,828)	(1,449,168,122)	(603,817,929)
Balance, December 31	1,483,432,947	1,351,132,044	3,242,299,291	199,998,633	1,199,874,291	199,999,721

	BOND		BALANCED		PHILIPPINE EQUITY	
	2010	2009	2010	2009	2010	2009
Deposit for future stock subscriptions, January 1	-	-	3,592,057,696	3,777,166,535	1,449,012,530	1,320,420,367
Issuances (redemptions)	-	-	(3,592,057,696)	(185,108,839)	(785,829,523)	128,592,163
Deposit for future stock subscriptions, December 31	-	-	-	3,592,057,696	663,183,007	1,449,012,530
	1,483,432,947	1,351,132,044	3,242,299,291	3,792,056,329	1,863,057,298	1,649,012,251

	MONEY MARKET		GS FUND	
	2010	2009	2010	2009
Balance, January 1	99,999,729	99,999,592	167,042,107	64,960,450
Issuances	956,475,903	619,915,334	295,736,422	149,940,755
Redemptions	(956,477,705)	(619,915,197)	(262,780,073)	(47,859,098)
Balance, December 31	99,997,927	99,999,729	199,998,456	167,042,107
Deposit for future stock subscriptions, January 1	164,778,978	380,830,650	479,079,889	-
Issuances (redemptions)	72,401,966	(216,051,672)	-	-
Deposit for future stock subscriptions, December 31	237,180,944	164,778,978	479,079,889	-
	337,178,871	264,778,707	679,078,345	167,042,107

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2010	2009	2010	2009
Balance, January 1	6,197,791	6,199,494	1,999,071	1,230,214
Issuances	1,164,509	1,054,426	1,064,417	1,002,341
Redemptions	(1,167,605)	(1,056,129)	(1,063,999)	(233,484,00)
Balance, December 31	6,194,695	6,197,791	1,999,489	1,999,071
Deposit for future stock subscriptions, January 1	1,145,559	1,114,119	375,518	-
Issuances (redemptions)	370,550	31,440	2,154,468	375,518
Deposit for future stock subscriptions, December 31	1,516,109	1,145,559	2,529,986	375,518
	7,710,804	7,343,350	4,529,475	2,374,589

The authorized capital stocks of the Companies are as follows:

BALANCE AT END OF THE YEAR - 2009	AUTHORIZED CAPITAL STOCK IN PHILIPPINE PESO	AUTHORIZED CAPITAL STOCK IN NUMBER OF SHARES	PAR VALUE IN PHILIPPINE PESO
Bond Fund	3,800,000,000	3,800,000,000	1.00
Balanced Fund	40,000,000	4,000,000,000	0.01
Philippine Equity Fund	12,000,000	1,200,000,000	0.01
Money Market Fund	4,000,000	400,000,000	0.01
GS Fund	2,000,000	200,000,000	0.01
Dollar Advantage Fund	6,200,000	6,200,000	1.00
Dollar Abundance Fund	2,000,000	2,000,000	1.00

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2010	2009	2010	2009
	USD	USD	USD	USD
Dollar Bonds	740,651	630,567	326,994	162,788
Special Savings	2,092	1,562	670	266
Cash in Banks	465	660	786	551
	743,208	632,789	328,450	163,605

Interest income is recorded gross of withholding tax and the related final withholding taxes are shown as "Income Tax Expense" in the profit or loss.

Interest income earned on financial assets, analyzed by category, is as follows:

BOND	2010	2009
	PHP	PHP
	Investments at fair value through profit or loss	179,926,842
Loans and receivables	34,991,166	65,575,160
Bank Deposits	82,547	104,167
	215,000,555	226,935,688

BALANCED	2010	2009
	PHP	PHP
	Investments at fair value through profit or loss	96,541,970
Loans and receivables	5,715,040	7,423,644
Bank Deposits	139,292	147,845
	102,396,302	201,661,150

EQUITY	2010	2009
	PHP	PHP
	Investments at fair value through profit or loss	9,877,916
Bank Deposits	154,047	153,527
	10,031,963	20,960,109

18. INTEREST INCOME

	BOND		BALANCED		PHILIPPINE EQUITY	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
Treasury Notes	171,977,534	152,620,392	63,573,105	155,492,466	3,326,513	9,860,262
Treasury Bills	-	-	17,906,183	9,398,208	-	289,975
Corporate Loans	34,991,166	65,575,160	5,715,040	7,423,644	-	-
Special Savings	7,949,308	8,635,969	15,062,682	29,198,987	6,551,403	10,656,345
Cash in Banks	82,547	104,167	139,292	147,845	154,047	153,527
	215,000,555	226,935,688	102,396,302	201,661,150	10,031,963	20,960,109

	MONEY MARKET		GS FUND	
	2010	2009	2010	2009
	PHP	PHP	PHP	PHP
Special savings	8,666,164	10,041,338	1,386,829	447,219
Cash in bank	40,782	82,478	18,758	40,194
Treasury bills	-	2,874,903	-	-
Treasury notes	-	421,683	18,918,167	7,189,583
	8,706,946	13,420,402	20,323,754	7,676,996

MONEY MARKET	2010	2009
	PHP	PHP
Investments at fair value through profit or loss	8,666,164	12,916,241
Held-to-maturity investments	-	421,683
Bank deposits	40,782	82,478
	8,706,946	13,420,402

GS FUND	2010	2009
	PHP	PHP
Investments at fair value through profit or loss	20,304,996	7,636,802
Bank Deposits	18,758	40,194
	20,323,754	7,676,996

DOLLAR ADVANTAGE	2010	2009
	USD	USD
Investments at fair value through profit or loss	742,743	632,129
Bank Deposits	465	660
	743,208	632,789

DOLLAR ABUNDANCE	2010	2009
	USD	USD
Investments at fair value through profit or loss	327,664	163,054
Bank Deposits	786	551
	328,450	163,605

19. NET REALIZED GAIN (LOSS) ON INVESTMENTS

BALANCED	2010	2009
	PHP	PHP
Net realized gain (loss):		
Listed equity securities	790,890,204	21,885,205
Fixed-income securities	12,192,978	12,951,512
	803,083,182	34,836,717

Investments in fixed-income securities consist of investments in treasury notes, special savings and corporate loans.

20. OTHER INCOME

Bond

Other income represents gain from borrower's pre-termination of loans in 2010 and 2009.

Balanced

Other income represents overprovisions written back, doc stamp refund from equity transactions and gain from borrower's pre-termination of loans in 2010 and 2009.

Money Market

Other income represents 0.25% of total redemptions redeemed by the shareholders within the seven (7) days holding period.

21. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
Total Comprehensive Income (Loss)	223,319,270	142,145,506	2,140,620,420	1,362,030,521	1,253,015,876	849,150,563
Weighted average number of issued and outstanding shares for the purpose of computing basic earnings per share	1,393,221,382	1,299,007,546	3,492,024,607	3,805,746,221	1,705,412,332	1,539,313,091
Basic earnings (loss) per share	0.16	0.11	0.61	0.36	0.73	0.55

	MONEY MARKET		GS FUND	
	2010	2009	2010	2009
	PHP	PHP	PHP	PHP
Total Comprehensive Income (Loss)	2,836,453	6,388,710	39,242,970	7,458,448
Weighted average number of issued and outstanding shares for the purpose of computing basic earnings per share	329,039,654	387,014,607	300,611,655	96,722,506
Basic earnings (loss) per share	0.01	0.02	0.13	0.8

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2010	2009	2010	2009
	USD	USD	USD	USD
Total Comprehensive Income (Loss)	850,882	1,578,952	328,219	448,154
Weighted average number of issued and outstanding shares for the purpose of computing basic earnings per share	7,370,599	7,087,928	3,050,783	1,551,420
Basic earnings (loss) per share	0.12	0.22	0.11	0.29

As of December 31, 2010 and 2009, the Companies has no dilutive potential ordinary shares.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Companies' financial assets and financial liabilities are shown below:

BOND	2010	2010	2009	2009
	Carrying Amount (PHP)	Fair Value (PHP)	Carrying Amount (PHP)	Fair Value (PHP)
Financial Assets				
Financial assets at fair value through profit or loss	2,555,003,442	2,555,003,442	2,159,819,183	2,159,819,183
Cash in banks	300,153,540	300,153,540	24,684,915	24,684,915
Loans and receivables	390,317,914	390,317,914	555,769,642	555,769,642
Accrued Interest receivable	51,133,379	51,133,379	45,376,202	45,376,202
	3,296,608,275	3,296,608,275	2,785,649,942	2,785,649,942
Financial Liabilities				
Payable to fund manager	5,405,101	5,405,101	3,730,361	3,730,361
Accrued Expenses	325,648	325,648	593,372	593,372
	5,730,749	5,730,749	4,323,733	4,323,733

BALANCED	2010	2010	2009	2009
	Carrying Amount (PHP)	Fair Value (PHP)	Carrying Amount (PHP)	Fair Value (PHP)
Financial Assets				
Financial assets at fair value through profit or loss	8,519,880,580	8,519,880,580	7,532,812,864	7,532,812,864
Cash in banks	60,044,728	60,044,728	30,821,186	30,821,186
Loans and receivables	50,000,000	50,000,000	75,000,000	75,000,000
Accrued Interest receivable	22,314,218	22,314,218	35,360,981	35,360,981
	8,652,239,526	8,652,239,526	7,673,995,031	7,673,995,031
Financial Liabilities				
Accrued expenses	85,993,354	85,993,354	4,015,156	4,015,156
Payable to fund manager	19,261,427	19,261,427	14,010,318	14,010,318
	105,254,781	105,254,781	18,025,474	18,025,474

EQUITY	2010	2010	2009	2009
	Carrying Amount (PHP)	Fair Value (PHP)	Carrying Amount (PHP)	Fair Value (PHP)
Financial Assets				
Financial assets at fair value through profit or loss	4,903,588,503	4,903,588,503	3,034,154,359	3,034,154,359
Cash in banks	71,757,088	71,757,088	30,461,404	30,461,404
Loans and receivables	11,864,142	11,864,142	-	-
Accrued Interest receivable	98,297	98,297	2,866,983	2,866,983
	4,987,308,030	4,987,308,030	3,067,482,746	3,067,482,746
Financial Liabilities				
Due to Broker	55,842,343	55,842,343	-	-
Accrued expenses	44,558,796	44,558,796	1,680,442	1,680,442
Payable to fund manager	10,415,598	10,415,598	7,524,061	7,524,061
	110,816,737	110,816,737	9,204,503	9,204,503

GS FUND	2010	2010	2009	2009
	Carrying Amount (PHP)	Fair Value (PHP)	Carrying Amount (PHP)	Fair Value (PHP)
Financial Assets				
Financial assets at fair value through profit or loss	862,267,393	862,267,393	180,303,633	180,303,633
Cash in banks	22,128,802	22,128,802	15,473,620	15,473,620
Accrued Interest receivable	13,243,378	13,243,378	3,317,791	3,317,791
	897,639,573	897,639,573	199,095,044	199,095,044
Financial Liabilities				
Accrued expenses	1,484,668	1,484,668	308,130	308,130
Payable to fund manager	83,273	83,273	74,269	74,269
	1,567,941	1,567,941	382,399	382,399

MONEY MARKET	2010	2010	2009	2009
	Carrying Amount (PHP)	Fair Value (PHP)	Carrying Amount (PHP)	Fair Value (PHP)
Financial Assets				
Financial assets at fair value through profit or loss	363,670,000	363,670,000	293,700,000	293,700,000
Cash in banks	21,163,808	21,163,808	2,153,622	2,153,622
Accrued Interest receivable	31,390	31,390	222,169	222,169
	384,865,198	384,865,198	296,075,791	296,075,791
Financial Liabilities				
Accrued expenses	5,143,848	5,143,848	79,995	79,995
Payable to fund manager	390,532	390,532	255,694	255,694
	5,534,380	5,534,380	335,689	335,689

DOLLAR ADVANTAGE	2010	2010	2009	2009
	Carrying Amount (USD)	Fair Value (USD)	Carrying Amount (USD)	Fair Value (USD)
Financial Assets				
Financial assets at fair value through profit or loss	19,184,922	19,184,922	18,471,544	18,471,544
Cash in banks	1,396,554	1,396,554	197,492	197,492
Accrued Interest receivable	319,358	319,358	331,408	331,408
	20,900,834	20,900,834	19,000,444	19,000,444
Financial Liabilities				
Accrued expenses	56,086	56,086	9,876	9,876
Payable to fund manager	33,713	33,713	30,252	30,252
	89,799	89,799	40,128	40,128

DOLLAR ABUNDANCE	2010	2009	2010	2009
	Carrying Amount (USD)	Fair Value (USD)	Carrying Amount (USD)	Fair Value (USD)
Financial Assets				
Financial assets at fair value through profit or loss	11,118,760	11,118,760	5,380,956	5,380,956
Cash in banks	267,736	267,736	148,448	148,448
Accrued Interest receivable	186,491	186,491	105,812	105,812
	11,572,987	11,572,987	5,635,216	5,635,216
Financial Liabilities				
Accrued expenses	78,268	78,268	4,109	4,109
Payable to fund manager	16,482	16,482	17,708	17,708
	94,750	94,750	21,817	21,817

The fair values of the Companies' financial assets and financial liabilities are determined as follows:

Due to the short-term maturities of cash in banks, accrued interest receivable, payable to fund manager and accrued expenses, their carrying amounts approximate their fair values.

The fair value of loans receivable is determined based on the discounted cash flow analysis using interest rates for similar types of instruments;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

BOND	LEVEL 1	LEVEL 2	TOTAL
	PHP	PHP	PHP
Investment in fixed-income securities:	December 31, 2010		
Treasury Notes	2,263,533,442	-	2,263,533,442
Special Savings	-	291,470,000	291,470,000
	2,263,533,442	291,470,000	2,555,003,442
	December 31, 2009		
Special Savings	-	358,460,000	358,460,000
Treasury Notes	1,801,359,183	-	1,801,359,183
	1,801,359,183	358,460,000	2,159,819,183

BALANCED	LEVEL 1	LEVEL 2	TOTAL
	PHP	PHP	PHP
Investment in fixed-income securities:	December 31, 2010		
Special Savings	-	1,028,470,000	1,028,470,000
Treasury Notes	513,758,118	-	513,758,118
Treasury Bills	337,191,116	-	337,191,116
	850,949,234	1,028,470,000	1,879,419,234
Investment in Listed equity securities	6,640,461,346	-	6,640,461,346
	7,491,410,580	1,028,470,000	8,519,880,580
	December 31, 2009		
Special Savings	-	1,032,610,000	1,032,610,000
Treasury Notes	1,630,499,511	-	1,630,499,511
	1,630,499,511	1,032,610,000	2,663,109,511
Investment in Listed equity securities	4,869,703,353	-	4,869,703,353
	6,500,202,864	1,032,610,000	7,532,812,864

EQUITY	LEVEL 1	LEVEL 2	TOTAL
	PHP	PHP	PHP
Investment in fixed-income securities:	December 31, 2010		
Special Savings	-	568,790,000	568,790,000
	-	568,790,000	568,790,000
Investment in Listed equity securities	4,334,798,503	-	4,334,798,503
	4,334,798,503	568,790,000	4,903,588,503
	December 31, 2009		
Special Savings	-	408,680,000	408,680,000
Treasury Notes	135,908,596	-	135,908,596
	135,908,596	408,680,000	544,588,596
Investment in Listed equity securities	2,489,565,763	-	2,489,565,763
	2,625,474,359	408,680,000	3,034,154,359

MONEY MARKET	LEVEL 1	LEVEL 2	TOTAL
	PHP	PHP	PHP
Investment in fixed-income securities:	December 31, 2010		
Special Savings	-	363,670,000	363,670,000
	December 31, 2009		
Special Savings	-	293,700,000	293,700,000

GS FUND	LEVEL 1	LEVEL 2	TOTAL
	PHP	PHP	PHP
Investment in fixed-income securities:	December 31, 2010		
Special Savings	-	60,860,000	60,860,000
Treasury Notes	801,407,393	-	801,407,393
	801,407,393	60,860,000	862,267,393
	December 31, 2009		
Special Savings	-	27,530,000	27,530,000
Treasury Notes	152,773,633	-	152,773,633
	152,773,633	27,530,000	180,303,633

DOLLAR ADVANTAGE	LEVEL 1	LEVEL 2	TOTAL
	USD	USD	USD
Investment in fixed-income securities:	December 31, 2010		
Special Savings	-	2,944,100	2,944,100
Treasury Notes	13,512,682	-	13,512,682
	13,512,682	2,944,100	16,456,782
Investment in Listed equity securities	2,728,140	-	2,728,140
	16,240,822	2,944,100	19,184,922
	December 31, 2009		
Special Savings	-	5,941,940	5,941,940
Treasury Notes	12,013,424	-	12,013,424
	12,013,424	5,941,940	17,955,364
Investment in Listed equity securities	516,180	-	516,180
	12,529,604	5,941,940	18,471,544

DOLLAR ABUNDANCE	LEVEL 1	LEVEL 2	TOTAL
	USD	USD	USD
Investment in fixed-income securities:	December 31, 2010		
Special Savings	-	2,336,000	2,336,000
Dollar-denominated bonds	8,782,760	-	8,782,760
	8,782,760	2,336,000	11,118,760
	December 31, 2009		
Special Savings	-	711,200	711,200
Dollar-denominated bonds	4,669,756	-	4,669,756
	4,669,756	711,200	5,380,956

The fair values of special savings deposits are based on the quoted price of similar instruments. The fair values of investments in treasury notes are based on quoted prices in active market. Listed equity securities are valued at closing price in compliance with SRC Rule 52.1 Par. e, which states that securities shall be valued at the last sales price. If no sale of such security is made on that date, bid prices will then be considered as the closing price.

There were no transfers between different levels in 2010 and 2009.

23. INCOME TAXES

Income tax expense pertains to current tax expense paid during the year.

A reconciliation of the statutory income tax rate to effective income tax rate follows:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2010	2009	2010	2009	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP
Accounting Income	266,596,234	187,729,408	2,162,772,128	1,406,078,020	1,225,016,568	853,534,727
Tax expense at 30%	79,978,871	56,318,822	648,831,639	421,823,406	376,504,970	256,060,418
Addition to (Reduction from) income tax resulting from:						
Net operating loss carry-over (NOLCO)	4,707,804	-	53,468,186	45,761,144	27,814,611	17,167,044
Non-taxable (income) loss	(8,748,401)	(1,530,149)	(240,924,955)	(53,601,109)	(158,918,577)	(18,615,400)
Unrealized depreciation of investments	(21,935,457)	2,257,890	(376,277,831)	(355,712,189)	(215,509,962)	(248,324,029)
Non deductible expense	10,929,233	7,185,576	4,114,204	7,714,335	15,777	324,571
Interest income subject to final tax	(21,655,086)	(18,648,237)	(67,059,534)	(21,938,088)	(27,906,127)	(2,228,440)
TOTAL	43,276,964	45,583,902	22,151,708	44,047,499	2,000,692	4,384,164

	MONEY MARKET		GS FUND	
	2010	2009	2010	2009
	PHP	PHP	PHP	PHP
Accounting Income	4,574,781	9,084,489	44,272,485	9,252,268
Tax expense at 30%	1,372,435	2,725,347	13,281,746	2,775,680
Addition to (Reduction from) income tax resulting from:				
Net operating loss carry-over (NOLCO)	1,239,649	1,300,774	2,062,810	657,967
Non-taxable (profit) loss	-	-	-	-
Unrealized depreciation of investments	-	-	(9,247,430)	(1,130,548)
Non deductible expense	-	36,411	-	-
Interest income subject to final tax	(873,756)	(1,366,753)	(1,067,610)	(509,279)
TOTAL	1,738,328	2,695,779	5,029,516	1,793,820

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2010	2009	2010	2009
	USD	USD	USD	USD
Accounting Income	961,485	1,659,000	393,954	476,573
Tax expense at 30%	288,445	497,700	118,186	142,972
Addition to (Reduction from) income tax resulting from:				
Net operating loss carry-over (NOLCO)	-	-	-	-
Non-taxable (profit) loss	(88,622)	6,859	-	(15,371)
Unrealized depreciation of investments	(86,175)	(415,100)	(62,995)	(97,559)
Non deductible expense	36,339	29,912	18,437	6,112
Interest income subject to final tax	(39,384)	(39,323)	(7,893)	(7,735)
TOTAL	110,603	80,048	65,735	28,419

Details of the Companies' NOLCO are as follows:

BOND					
Year Incurred	Year of Expiry	2009 Balance	Additions	Expired	2010 Balance
2010	2013	-	15,692,680	-	15,692,680

BALANCED					
Year Incurred	Year of Expiry	2009 Balance	Additions	Expired	2010 Balance
2007	2010	187,233,428	-	(187,233,428)	-
2008	2011	191,016,014	-	-	191,016,014
2009	2012	152,537,147	-	-	152,537,147
2010	2013	-	178,227,285	-	178,227,285
		530,786,589	178,227,285	(187,233,428)	521,780,446

PHILIPPINE EQUITY					
Year Incurred	Year of Expiry	2009 Balance	Additions	Expired	2010 Balance
2007	2010	65,770,983	-	(65,770,983)	-
2008	2011	62,130,813	-	-	62,130,813
2009	2012	57,223,478	-	-	57,223,478
2010	2013	-	92,715,369	-	92,715,369
		185,125,274	92,715,369	(65,770,983)	212,069,660

MONEY MARKET					
Year Incurred	Year of Expiry	2009 Balance	Additions	Expired	2010 Balance
2007	2010	6,202,781	-	(6,202,781)	-
2008	2011	5,821,669	-	-	5,821,669
2009	2012	4,335,913	-	-	4,335,913
2010	2013	-	4,132,165	-	4,132,165
		16,360,363	4,132,165	(6,202,781)	14,289,747

GS FUND					
Year Incurred	Year of Expiry	2009 Balance	Additions	Expired	2010 Balance
2007	2010	2,270,796	-	(2,270,796)	-
2008	2011	1,673,721	-	-	1,673,721
2009	2012	2,193,221	-	-	2,193,221
2010	2013	-	6,876,034	-	6,876,034
		6,137,738	6,876,034	(2,270,796)	10,742,976

Substantial portion of the Companies' income is interest income arising from treasury notes and special savings accounts, which are already subjected to final withholding tax and therefore excluded in the computation of taxable income. Thus, with the exception of Bond, Balanced, Dollar Advantage and Dollar Abundance Funds, the Companies usually incur net taxable losses but are still liable to pay the minimum corporate income tax (MCIT) of 2% of gross income.

Deferred income tax on NOLCO was not recognized because tax benefit is not likely to be realized in the future.

The carry forward benefit of Bond Fund's excess MCIT over regular corporate income tax amounting to P681,244, which is recorded under "Other non-current assets" account, is valid until 2013.

The carry forward benefit of Balanced Fund's MCIT over regular corporate income tax amounting to P223,112 and P137,481 in 2010 and 2009, respectively, which is recorded under "Other non-current assets" account, is valid until 2013 and 2012, respectively.

The carry forward benefit of Phil Equity Fund's MCIT over regular corporate income tax amounting to P35,228 in December 31, 2010, which is recorded under "Other non-current assets" account, is valid until 2013.

The carry forward benefit of Money Market Fund's MCIT over regular corporate income tax amounting to P194 and P46 in 2010 and 2009, respectively, which is recorded under "Other non-current assets" account, is valid until 2013 and 2012, respectively.

24. CONTINGENCY

In the opinion of the Management and its legal counsels, the Companies have no pending legal cases as of December 31, 2010 that may have a material effect on the Companies' financial position and results of operation.

25. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NO. 15-2010

The following information on taxes, duties and license fees paid or accrued during the taxable year is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements.

Documentary stamp tax

Documentary stamp taxes paid or accrued by the Companies during 2010 represents taxes paid relative to the issuance of stock certificates by the Companies to its shareholders. The documentary stamp tax being paid by the Companies to the BIR include those charged against the shareholder's investment for stock certificate issuances in excess of four (4) inter-fund transfers per calendar year.

DOCUMENTARY STAMP TAX	2010
Bond	P1,815,536
Balanced	P2,378,289
Equity	P2,317,345
Money Market	P29,640
GS Fund	P12,191
Dollar Advantage	\$6,062
Dollar Abundance	\$5,032

Other taxes and licenses

Details of the Companies' other taxes and licenses and permit fees paid or accrued are as follows:

OTHER TAXES AND LICENSES	BOND	BALANCED	PHILIPPINE EQUITY
	2010	2010	2010
Charged to Operating Expenses			
Business Tax	494,947	775,228	180,068
Permit Fees	6,450	6,450	6,450
Residence or community tax	10,500	10,500	10,500
Others	500	500	500
	512,397	792,678	197,518

OTHER TAXES AND LICENSES	MONEY MARKET	GS FUND
	2010	2010
Charged to Operating Expenses		
Business Tax	38,445	26,954
Permit Fees	6,450	6,450
Residence or community tax	5,869	3,571
Others	500	500
	51,264	37,475

OTHER TAXES AND LICENSES	DOLLAR ADVANTAGE	DOLLAR ABUNDANCE
	2010	2010
Charged to Operating Expenses		
Business Tax	72,370	37,091
Permit Fees	6,450	6,450
Residence or community tax	10,500	4,588
Others	500	500
	89,820	48,629

Withholding taxes

The Companies' expanded withholding taxes paid or accrued during 2010 were mainly withholding taxes on the aggregate fees paid for the services rendered by SLAMCI.

WITHHOLDING TAXES	2010
Bond Fund	P4,204,208
Balanced Fund	P15,628,510
Philippine Equity Fund	P7,459,155
Money Market Fund	P298,745
GS Fund	P298,745
Dollar Advantage Fund	P1,257,457
Dollar Abundance Fund	P490,412

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were reviewed and endorsed by the Audit and Compliance Committee for the approval of the Board of Directors on March 11, 2011. The Board of Directors approved the issuance of the financial statements on April 11, 2011.



RIZALINA G. MANTARING

51, Director/Chairman of the Board
(01 August 2009 to present)

Ms. Mantaring, Filipino, is currently the Chairman of the 7 Sun Life Prosperity Funds, i.e., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc. (2009 to present). She is also the

President & CEO of the Sun Life Financial Philippines group, including the Sun Life of Canada (Philippines), Inc. (2009 to present) (SLOCPI), Sun Life Financial Plans, Inc. (2009 to present) and, a director of the Sun Life Asset Management Company, Inc. (2007 to present). Prior to the foregoing, Ms. Mantaring was Deputy President of the Sun Life Financial Philippines group of companies (2009) and Regional Chief Operations Officer of Sun Life Financial Asia (2008 to 2009). She also served as Chief Operating Officer of SLOCPI (1999 to 2008) and Information Systems Head, Asia Pacific Division of the Sun Life Assurance Company of Canada (1992 to 1999). Ms. Mantaring received her Bachelor of Science in Electrical Engineering (cum laude) from the University of the Philippines and Master of Science in Computer Science from the State University of New York at Albany. She is also a Fellow, Life Management Institute (with distinction) and Associate, Customer Service (with honors).

VALERIE N. PAMA

47, Director/President
(17 May 2011 to present)

Ms. Pama, Filipino, is currently the President of the 7 Sun Life Prosperity Funds, i.e., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc. (2011 to present). She is also the Chief

Operating Officer of Sun Life Asset Management Company, Inc. (2011 to present). She is a graduate of the Ateneo De Manila University with a Bachelor of Science degree in Management Engineering. She took further studies in Katholieke Universiteit Leuven in Belgium where she obtained her Master's degree in Business Administration (Major in International Business and Finance Minor in Business Economics). After a short stint in the FMCG food industry for about 2 years, Ms. Pama moved on to the banking industry for over 20 years to date. She started with Citibank N.A. in 1990 by joining the Bank Management Associate Program. There, Ms. Pama joined various segments of the business, assuming progressively more senior roles over the years. She had worked in treasury/capital markets, loans, equity sales, customer funding sales, brokerage and money market sales. By the time she left Citibank in February 2009, Ms. Pama was the President of its brokerage business. Prior to joining Sun Life, Ms. Pama was a consultant for ING Bank in the Investment Management Group, where she was mainly involved in product development.





ALELI ANGELA G. QUIRINO

67, Independent Director
(19 January 2000 to present)

Atty. Quirino, Filipino, is an Independent Director of Sun Life of Canada Prosperity Balanced Fund, Inc. (2009 to present), Sun Life of Canada Prosperity Bond Fund, Inc. (2000 to present), and Sun Life Prosperity Money Market Fund, Inc. (2004 to present). She is currently a Senior Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA Law) (2010). She also serves as Treasurer of ACCRAIN Holdings Corp. (2010), and as Director-Treasurer of SysNet Integrators,

Inc. (2001 to present), EP2, Inc. (2003 to present), Ideawurx Inc. (2001 to present), and the Intellectual Property Foundation, Inc. (1998 to present), among others. She also serves as a Director of Fila Philippines, Inc. (1993 to present), Anglo-Eastern Crew Management (Phils.), Inc. (1999 to present), Hazama Philippines, Inc. (1995 to present), LNC (SPV)-AMC Corp. (2005 to present), LNC 3 Asset Management, Inc. (2006 to present), Plaka Athena Holdings Corporation (2005 to present) and New Pacific Resources Management (SPV-AMC), Inc. (2007 to present). She is the Chairman of the Intellectual Property Association of the Philippines (2009 to present), President of the Ateneo Law Alumni Foundation, Inc. (2008 to present) and Trustee-Corporate Secretary of Assumption College, Inc. (1996 to present). Atty. Quirino received her Bachelor of Arts and Bachelor of Science in Education (magna cum laude) from Assumption College and Bachelor of Laws (with honors) from the Ateneo de Manila University.



MA. KARENINA M. CASAS

47, Director
(17 March 2009 to present)

Ms. Casas, Filipino, is currently a Director of the Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc. (March 17, 2009 to present). She is also a member of the Board of Trustees of Sun Life Financial – Philippines Foundation, Inc. (2009 to present). Until recently, Ms. Casas had served as President of

the mentioned Funds (2009) as well as of Sun Life of Canada Prosperity Balanced Fund, Inc. (2009), and Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2009). She is also the Chief Administration Officer (2006 to present) of the Sun Life Financial Philippines group. She graduated with a BS Psychology degree from the Ateneo de Manila University. Ms. Casas also holds the designation of Professional, Customer Service and Associate, Customer Service.

OSCAR S. REYES

65, Independent Director
(May 17, 2011 to present)

Mr. Reyes, Filipino, is an Independent Director of the Sun Life Prosperity Dollar Abundance Fund, Inc. (2002 to present), Sun Life Prosperity Dollar Advantage Fund, Inc. (2002 to present), Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., and Sun Life Prosperity GS Fund, Inc. (all 2011 to present). He was the Chairman and Chief Executive Officer of the Shell Companies in the Philippines (1997 to 2001). He serves as an Independent Director of Sun Life of Canada (Philippines), Inc. (2004 to present), Sun Life Financial Plans, Inc. (2006 to present), Philippine Long Distance Telephone Company (2001 to present), Bank of the Philippine Islands (2003 to present), Universal Robina Corporation (2003 to present), SMART Communications, Inc. (2006 to present) and Manila Water Company (2005 to present). He is the Chairman of Unicapital Securities Corporation (2003 to present) and Link Edge, Inc. (2002 to present). Mr. Reyes received his Bachelor of Arts in Economics (cum laude) and Master of Business Administration from the Ateneo de Manila University and Diploma in Business Administration and Certificate in Export Promotion from Waterloo University. He also completed the Program for Management Development at the Harvard Business School.



OSCAR M. ORBOS

60, Independent Director
(17 January 2000 to present)

Atty. Orbos, Filipino, is an Independent Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2000 to present), Sun Life Prosperity Dollar Advantage Fund, Inc. (2009 to present) and Sun Life Prosperity Dollar Abundance Fund, Inc. (2009 to present). He started his public service career as Congressman (1987 to 1990 and 1992 to 1995) and then as Governor of the Province of Pangasinan (1995 to 1998). He has also served as Secretary of the Department of Transportation and Communication (1990) and then as Executive Secretary (1990 to 1991) under President Corazon C. Aquino. Atty. Orbos also serves Chairman of the Board of Alpha Insurance & Surety Co., Inc. (2000 to present) and as Partner of Orbos Cabusora & Taguiam Law Office (1998 to present). Atty. Orbos obtained his BS Economics and Bachelor of Laws from the University of the Philippines.





JOSE M. FAUSTINO

71, Independent Director
(17 January 2000 to present)

Prof. Faustino, Filipino, is an Independent Director of the Sun Life of Canada Prosperity Balanced Fund, Inc. (2009 to present), Sun Life Prosperity GS Fund, Inc. (2004 to present), and Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2000 to present). He also serves as an independent director of Robinsons Thrift Bank (2002 to present). Prof. Faustino is the Goodyear Professor of Business of the Asian Institute of Management (1980 to present). He also serves as a Visiting Professor to Leiden University, the Netherlands (2001 to present) and Universiti Kebangsaan, Malaysia (2009 to present). He is the recipient of the 1991 Agora Award for excellence in Marketing Education from the Philippine Marketing Association. Prof. Faustino holds a Master in Business Administration from the Harvard Business School and a Master of Arts in Economics from Amherst College. He received his Bachelor of Arts (cum laude) from the Ateneo de Manila University. He also attended the Top Management Program of the Asian Institute of Management.



NILO B. PEÑA

74, Director
(20 May 2005 to present)

Atty. Peña, Filipino, is a Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2005 to present) and Sun Life of Canada Prosperity Balanced Fund, Inc. (1999 to present). He has actively and continuously engaged in the practice of law with the law firm Quasha Ancheta Peña & Nolasco (originally William H. Quasha & Associates), first as an underbar in 1960 and currently as a Senior Partner. He is a member of the Boards of Trustees of the St. Luke's Medical Center, Inc. (1996 to present) and St. Luke's College of Medicine (2004 to present). He also serves as Chairman of the Board of Trustees of the Standard Chartered Bank Employees' Retirement Fund (1992 to present). Atty. Peña serves as a director of SLMC Bonifacio Global City MAB Corp. (2005 to present) and as Corporate Secretary of QBE Insurance (Philippines), Inc. (1998 to present) and Marsh Philippines, Inc. (1998 to present). He also has the distinction of having served as Bar Examiner in Mercantile Law during the 1997 and 2006 Bar Examinations. Atty. Peña received his AA and Bachelor of Laws from the University of the Philippines.

MARISSA H. OFENDO REYES

40, Treasurer
(4 May 2010 to present)

Ms. Ofendo Reyes is the Treasurer of the 7 Sun Life Prosperity Funds, i.e., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc. She currently serves as Finance Head of the Sun Life Asset Management Company, Inc. (2010 to present). Prior to joining Sun Life, Ms. Ofendo Reyes held various management roles in audit, accounting, compliance, finance and administration from the ICCP Venture Partners, Inc., Orion Support Inc. and Petroleum Authority of Thailand, Philippines. She graduated from Ateneo de Zamboanga with a degree in B.S. Accounting (cum laude). She also earned a Master in Business Administration from the Ateneo de Manila University Graduate School of Business. Ms. Ofendo Reyes is a Certified Public Accountant.



JEMILYN S. CAMANIA

35, Corporate Secretary
(12 August 2005 to present)

Atty. Camania, Filipino, is the Corporate Secretary of the 7 Sun Life Prosperity Funds, i.e., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc. (2005 to present). She also serves as Corporate Secretary of the Sun Life of Canada (Philippines), Inc. (2010 to present), Sun Life Financial Plans, Inc. (2010 to present), and Sun Life Asset Management Company, Inc. (2005 to present). Prior to joining Sun Life, she worked as an Associate of the Cayetano Sebastian Ata Dado & Cruz Law Offices (2001 to 2004). Atty. Camania received her Bachelor of Arts in Psychology and Bachelor of Laws from the University of the Philippines. She is also an Associate, Life Management Institute and Associate, Customer Service (with honors).





GUADALUPE LYN P. VERGEL DE DIOS

35, Assistant Corporate Secretary
(11 March 2011 to present)

Atty. Vergel de Dios, Filipino, is the Assistant Corporate Secretary of the 7 Sun Life Prosperity Funds, i.e., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc. She also serves

as Assistant Corporate Secretary of the Sun Life of Canada (Philippines), Inc. (2010 to present), Sun Life Financial Plans, Inc. (2010 to present), and Sun Life Asset Management Company, Inc. (2010 to present). Prior to joining Sun Life, she worked for the National Economic Development Authority, Securities and Exchange Commission, De Borja Medialdea Bello Guevarra & Gerodias Law Offices, Cayetano Sebastian Ata Dado & Cruz Law Offices, and Mayer Brown JSM in Thailand. Atty. Vergel de Dios graduated from the University of the Philippines with degrees in B.S. Economics (minor in Journalism) (cum laude) (1997) and Bachelor of Laws (2002).



JOSE IVAN T. JUSTINIANO

53, Compliance Officer
(05 March 2004 to present)

Mr. Justiniano, 52, Filipino, is the Chief Compliance Officer of the 7 Sun Life Prosperity Funds, i.e., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc. (2004 to present) and of Sun Life Asset Management Company, Inc. Prior to joining Sun Life, Mr.

Justiniano served as Controller and Corporate Secretary for Amalgamated Investment BanCorporation (February 2000 – November 2000) and Vice President for Urban Bank Group (January 1998 – February 2000). Mr. Justiniano obtained his Bachelor of Science major in Accounting from San Beda College and has completed the academic requirements for Master in Business Administration from De La Salle University. Mr. Justiniano is a Certified Public Accountant.

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